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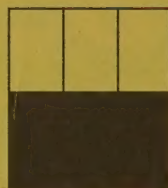
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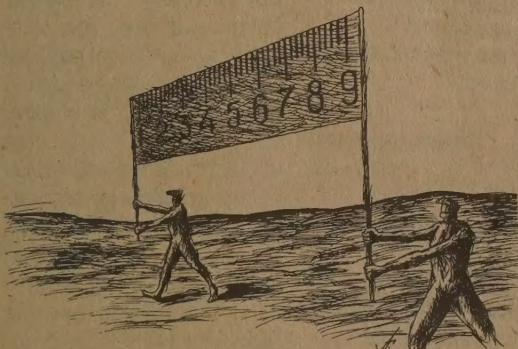
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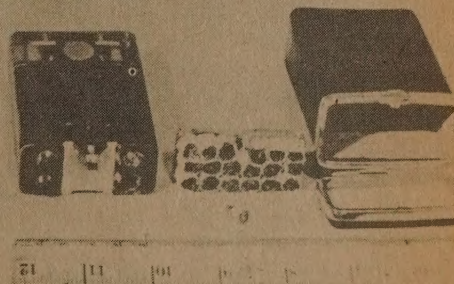
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Right on!

It seems that the English edition of *New Times* magazine ceased to be a copy of the Russian edition. It's good news. I'm sure that foreign readership of your periodical, including myself, is primarily interested in the special information about events in Russia and other CIS countries. We all want to know about relations between Russia and her nearest neighbours as well as her new foreign policy developments. If *New Times International* intends to cover primarily these topics, its success with readers abroad is guaranteed.

Simon Cummings,
college instructor
Guiana

Russia is a vast market

People like me are called average businessmen. I'm not yet a millionaire, but I don't complain about how my business is progressing. This is why I often think about trying my luck in a foreign country. Russia seems to me a country with a bright future. Your great people will no doubt overcome all present hardships. The market economy will open to them the path towards prosperity. And in this market there will be enough space for all, including such businessmen as me. Some publications of the weekly *New Times International* convinced me of it one more time. Your stories on the experience of

foreign entrepreneurs in Russia seem encouraging to me.

Ibrahim Haraoui
Beirut

Don't embellish things!

Your new section, "Outlook," stirred up contradictory feelings in me. I think it's not free from bias. Certainly, one can understand Russians when they want to describe the work of foreign and joint-stock enterprises in Russia as an endless succession of achievements, yet one can't readily believe that they really run so smoothly in your country. Our press, especially papers preferred by business people, abounds with descriptions of problems foreign entrepreneurs encounter in Russia. These include housing problems, difficulties of communicating with their Russian partners and the inertia of Russian bureaucracy. So you should write also about this side of the issue, however unpleasant it may be to you, and, what's most important, write about how these hardships are overcome. The latter is particularly important to us.

Fritz Malew,
merchant
Berlin

What for?

Frankly, I don't understand the logic of Russian authorities who, pulling out troops from the newly formed states in Transcaucasia and other regions of the former USSR, hand

THE WAY I SEE IT



Drawing by Yevgeny Starodubtsev

over arms and military equipment to local governments. What's the purpose? This policy won't strengthen stability in Russia's frontier regions. Or maybe you want to bring about new Lebanons and Yugoslavias?

Tadeusz Kowalski
Poznan

"The Russian Tragedy"

I won't conceal the fact that it was with pain that I, a Russian man, read the article "The Russian tragedy" by L.Vasilyev (*NT* No.9, 10/92). However, the assessments contained in it are, on the whole, correct. Russian history is complicated and full of confusion, with

its ups and downs. Yet the question arises: can history be otherwise?

About the Russian national idea. I see nothing objectionable, dangerous or insolent in it. This is, if you like, the idea of national survival. I wouldn't equate a great state and an empire, as Vasilyev does. One shouldn't abuse the notion of "the great power mentality" either. Russia is a great, historically formed geopolitical reality. Everything depends on how it is used - for intimidation or for a noble purpose, as an exemplary community made up of the peoples inhabiting it.

Arnold Anuchkin-Timofeyev
Moscow

Publisher

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President

Sergei DUBOV

Editor-in-Chief of Russian edition

Alexander PUMPYANSKY

Editor-in-Chief of international editions

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Managing Editor

Victor SIDENKO

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Ivan GOLOVIN

Address:

Pushkin Square,
Moscow, GSP, 103782, Russia

Telephones: 229-88-72,
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Yeltsin reacts to Gorbachev's criticism as, in his turn, Gorbachev reacted to Yeltsin's

It is not the state of affairs but the state of personal ties which changes in Russia. In November 1987 Yeltsin's criticism of Gorbachev's irresolute reforms cost the former his position in the CPSU leadership. In June 1992, the Russian leader promised to "take legal measures" in response to the USSR ex-President's comments on his policies. It's not clear what sort of force Boris Yeltsin is going to unleash upon his political opponent, but it's perfectly clear that new leaders are no more tolerant than former ones. The ex-President's behaviour seems strange in this light — why did an experienced politician provoke such a storm? Could he really have believed naively that his six years of rule and as many months of Boris Yeltsin's have fostered democracy in Russia?

Some observers decided that Mikhail Gorbachev, by accusing Yeltsin's administration of delaying reforms and displaying authoritarian tendencies, openly announced his return to the political scene and hoisted the banner of legal opposition. Yet his reaction to his adversary's demarche is very strange for a person who has assumed the role of a standard-bearer. It might seem that he should have made use of this demarche, since Boris Yeltsin thus furnished evidence in support of Gorbachev's criticism about his authoritarian tendencies. Instead, the ex-President expressed doubts that Boris Yeltsin's press secretary was actually speaking the former's thoughts. In addition to enhancing the Yeltsin team's irritation with continuing rumours about the President being manipulated, the counterreaction by Mikhail Gorbachev, who once again proved unable to foresee the consequences of his actions, revealed his embarrassment.

It's not ruled out, however, that Mikhail Gorbachev's embarrassment has a more profound reason. The actual trial of "the CPSU case" which started on May 26 was alarming for those who would like to repeat the post-war German path from poverty to prosperity, from totalitarianism to democracy, but without resorting to "denazification," without a new Nuremberg trial. Thanks to a softer dismantling of the Soviet state's Party machinery, carried out, by the way, under the guidance of the operators themselves, society and the world community don't thirst for retaliation, as the masses did with regard to the leaders of another "empire of evil" in 1945. Yet it will evidently be impossible to do without an inves-

tigation into certain moments in our recent history. It is necessitated not only by the moral command not to forget, in the West and in the East alike, about leftist terrorism and the outbursts of violence in Tbilisi in April 1989, in Baku of 1990 and in Vilnius in January 1991. The question of whether or not some prominent political figure was on the Kremlin secret payroll is not only a moral one. Such facts relating to vocal politicians and real political forces enter into political debates and are a weapon in struggles, as well as a good means of promoting

accountability. Today these facts are wanted by those Western societies where leftist traditions don't seem to be on the wane; besides, the entire world community could only benefit from discovering the channels of financing international terrorism — Boris Yeltsin's representative at the CPSU trial, Sergei Shakhrai, has already made public the CPSU CC resolution of 1975 which opened access to Soviet arsenals to the Popular Front for the Liberation of Palestine. This means that there are more recent and pivotal documents, including those of the Gorbachev period. Sergei Shakhrai, like an experienced gambler, will no doubt disclose them at the opportune moment of the trial in order to produce the desired effect.

As concerns Boris Yeltsin whose status ruled out involvement in affairs of the kind, these exposures will help him finally remove Gorbachev as a factor in Russia's political life. This is important for the Russian President, because even some members of Yeltsin's coalition have begun to feel nostalgic for the Kremlin's former master, and, for the time being, are gathering around Vice-President Alexander Rutskoi who also seems defenceless to Gorbachev's charms.

During Mikhail Gorbachev's American tour, his wife Raisa is said to have proposed a toast to "the reliable people" who didn't abandon the ex-President in time of trouble, adding with a sigh that the major troubles were yet ahead. The forecast seems to be starting to come true.

Vladimir Kulistikov



The anatomy of revolution

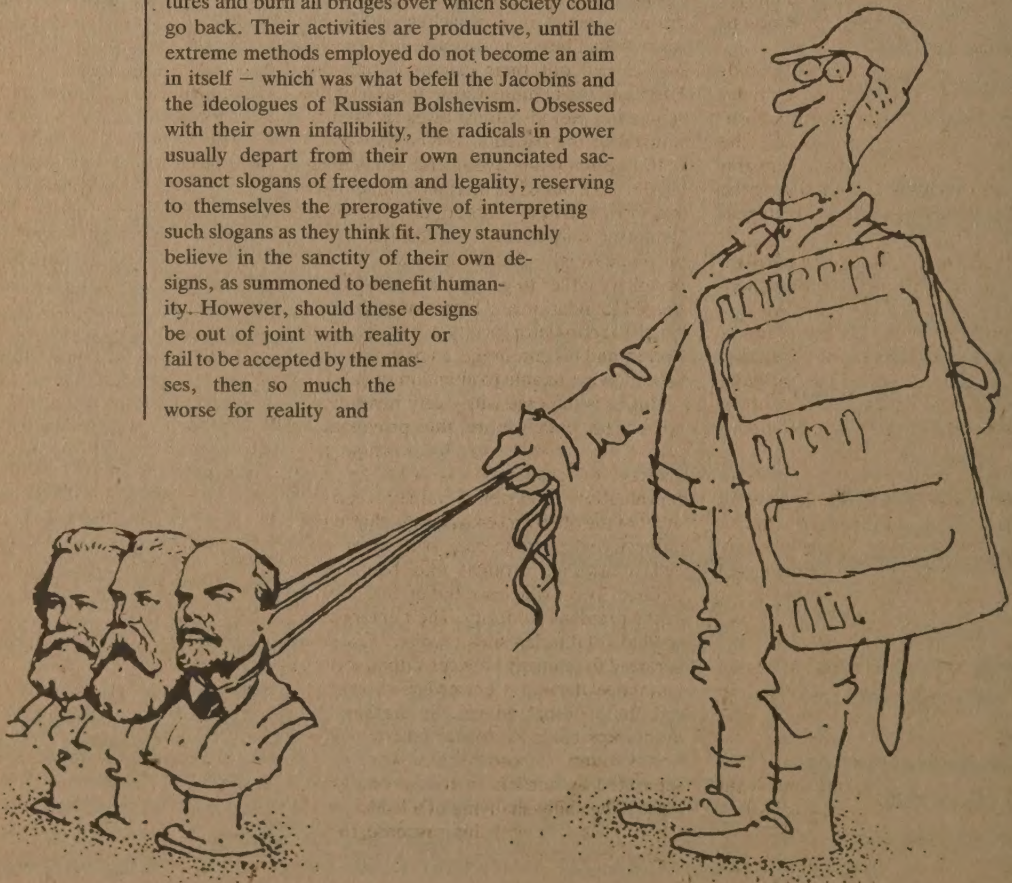
Historians note that whatever a social revolution may advocate, its laws of development are common to all

All great revolutions go through more or less similar phases. As a rule, a social upheaval is preceded by the degeneration of the ruling groupings, which serves to alienate them from the rest of society. During this chapter the ideologues of the impending revolution psychologically pave the way for the future upheaval. After victory is won, what usually follows is a brief period of government by moderates, who try to overhaul all of society without much bloodshed, by rallying it to their banner. Among them will be quite a few representatives of the previous elite, such as Count Mirabeau and Marquis de Lafayette among others at the time of the Great French Revolution. However, this self-same moderacy prevents coping with the problems that arise, dismantling the old structures and ensuring the irreversibility of revolutionary gains.

In the upshot, radicals take over and unhesitatingly, unmindful of means, complete the job their moderate predecessors failed to accomplish. They ruthlessly eradicate all remnants of the old structures and burn all bridges over which society could go back. Their activities are productive, until the extreme methods employed do not become an aim in itself — which was what befell the Jacobins and the ideologues of Russian Bolshevism. Obsessed with their own infallibility, the radicals in power usually depart from their own enunciated sacrosanct slogans of freedom and legality, reserving to themselves the prerogative of interpreting such slogans as they think fit. They staunchly believe in the sanctity of their own designs, as summoned to benefit humanity. However, should these designs be out of joint with reality or fail to be accepted by the masses, then so much the worse for reality and

the masses. Unquestioning of their own rightness and unable to comprehend and predict developments, the democrats turn to government by fiat, believing their main task that of promulgating sundry edicts for organizing society. Irrked by opposition, they hanker for authoritarian rule as enabling them to rid themselves of problems unmindful of dissenting opinion. In the context of an acute political wrangle, devotion to the leaders is now seen as the supreme criterion of work for the commonweal. For that reason we see in the top echelon dynamic, loyal, but incompetent people — inasmuch as it is easier to be devoted than able. Their basic contradiction is that though they are rather good at destroying the old structures, they display little ability to create new structures.

By doing away with the old structures but not introducing anything new in their place, the radicals spur chaos. The masses now feel that life is worse than before, as hunger, cold and impoverishment accompany all revolutions. The human being is driven to desperate extremes and his patience runs



out. He craves to get back to a normal life and wants to be left in peace. Now the radicals are ousted by more practical, pragmatic people — no orators or philosophers, but professionals. They bring society to a normal, better-ordered state. Initiated is the Thermidor of the French Revolution. Yet, this does not at all spell the end of the revolution; rather, does it imply a return to earth, a departure from extremes, the entrenchment of human interests.

Our current revolution possesses all the features of modern life. It does not guillotine political adversaries, preferring moral execution. It develops within an interconnected world, wherein information is queen, thus compelling our leaders to heed outside views. It is more dynamic and has greater potential for self-destruction, with, for instance, the turn of the tap on Azerbaijan's gas pipeline blocking Armenia's system of life support. Though our revolution reflects specific national or rather multinational features stemming from the indoctrinated myth of the "friendship of the peoples," protracted self-estrangement from the mainstreams of civilization plus an envious inability to learn from the experience of others, still our socio-political changes are, as far as one can judge, no exception, with their anatomy reaffirming laws of development common to the revolutionary process.

Indeed, every political monopoly tends to rot, with an absolute monopoly, as Henry Kissinger is fond of saying, rotting absolutely. The protracted power of the *nomenklatura* resulted in its absolute degradation, which sank to its bottom during the Brezhnev-Andropov-Chernenko stagnation period.

As is the case for any country fraught with revolution so in the Soviet Union too there were some individuals and groups who intellectually paved the way for social renaissance — such as Solzhenitsyn, Sakharov, human rights advocates, and the Samizdat writers who stirred up the conscience of the nation. True, unlike Voltaire, Rousseau and Lenin, they could not speak out openly. Yet, breaking through the jamming, foreign radio stations carried the message to those who sought to listen. Unfortunately, unlike Poland, the USSR did not then integrate dissidence with the labour movement, and that adversely affected all subsequent events.

Gorbachev's revolution from the top went ahead but sluggishly. He wanted to give the system a second lease on life, to adjust it to modern technology, to renounce past distortions, to accept some Helsinki-recorded values that it was already shameful to ignore, to borrow something from the Hungarian and Yugoslav economic model, in short,



create a democratic face primarily for the outside world and halt the insensate ruinous power confrontation with virtually the entire world. On the other hand, the socialist choice, the CPSU's monopoly on power and the empire were not called into question.

This moderate programme needed moderates to effect it. Gorbachev had in his team both liberals and conservatives who had carved out their careers within the Party and the administrative apparatus of the stagnation period. Surely it was for them to rejuvenate the system of which they had a better notion than anyone else. They managed to jerk out of its inertia the mammoth socialist machine rooted in Marxism-Leninism, only to see it immediately tilt in an increasingly dangerous way. It was necessary either to go back or to dismantle the old foundation and lay a new basis upon which to reorganize society. However, Gorbachev and his entourage, as part of the old system, were unable to abandon socialism.

But as is the case with every revolution, one change entails more, thus provoking a chain reaction followed by a whole avalanche of problems that call for the reevaluation of systemic values, replacement of the old structures and the sharing of authority whereby to cope with them. Social renaissance brought into being new political forces who burst out of the controls of the previous authority. Their emergence spelled totalitarianism's demise. Tensions surfaced to intensify between duped society and the leadership. Centre vacillation spurred the national fringes. Interethnic relationships could no longer be controlled. For a country whose peoples were never separated by borders that augured its collapse. The shilly-shallying of a leader, who was always late with his response to the changing situation, along with his desire to

sit on two chairs, aggravated the chaos. At this juncture reaction sought to exploit mass disgruntlement and swing back. Essential was a resolute change in the political line-up to open the door to fundamental reform. This was something Gorbachev could not do, as he always believed his authority had derived from the party, not from the people. His credibility was exhausted as soon as the party outlived itself. In short, he had already played his part in history and now the time had come for the radical phase of revolution.

Its emergence was facilitated by the farcical putsch that the democrats so easily quashed. After that, in but a couple of months, the radicals who had rallied around Yeltsin, completely demolished the structures in the way of the revolution's ongoing process. Ousted from leadership were reactionary politicians who dreamed of a swingback. The machinery of repression was dismantled, the CPSU was broken up and the Soviet Union fell apart. In the finale Gorbachev resigned. The site for building up a civil society, a democratic state and a market economy was now clear.

Yet though Russia's radical democrats had made a good showing in destroying the old world, they proved to be pretty poor architects of a new political and economic system. Though they realize **what** they have to build, they have a much worse notion of **how** to build. The absence of a well-conceived programme of transition results in marking time. Meanwhile the need to count with the masses provokes exceedingly energetic efforts along such secondary lines as the renaming of cities, squares and Metro stations, the toppling of the old idols, the closing down of museums, the abolition of revolutionary holidays and the introduction of new red-letter days in their place, and the

search for hidden Communist Party gold. One would willy-nilly think that in addition to its destruction of the old structures, the historic function of the radicals in a revolution is, by fanning society's heroic enthusiasm, to reduce it to such extremes and privations when the transition to the next phase, most painful for the masses, would appear a boon. Russia was reduced to such "readiness" by January 1992, and unable to discern any other alternative, entered it virtually well aware of what was taking place.

What the country firstly needs is to extricate itself from the chaos, into which it has been plunged by the professional idealists and incompetent politicians. This should lead to a civil society, a democratic state and a market economy that in turn would serve to bring a civilized tenor of life to Russia.

The development of many revolutions indicates that this can be accomplished only by people whose mentality is geared not to destruction but to creation, not to grand victories, but to compromise, in short, people aware of the need to walk the tight rope of society's economic, social and ethical requirements. These should no doubt be pragmatic, de-ideologized professionals, sensible, well-balanced politicians capable of pricing the worth and long-term consequences of programmes for society's modernization. As they do not promise a bright future, but merely adequate rewards for capital and labour, they find it easier to create a system encouraging people to start their own businesses.

However, Russia's specific features affect this phase of revolution too. They stem from at least a trio of factors. Firstly, the initial phase of *perestroika* was overly enervating. Problems arose faster than they were tackled, the lot of the people was hostage to political gambles and ambitions, and in the upshot, the wheel of revolution turned to no purpose, with the associated hopes depreciating and moral fatigue accumulating. Secondly, the men whose job it was to culminate the revolution were not ready. They have every reason to complain of the absence of the third estate, but on the other hand, whence was it to come from? The black market economy of the stagnation and acceleration chapters flourished due to society's topsy-turvy elements, and its "godfathers" by no means craved change. In defiance of the logic of history, our market economy is being built up from above, not from below, thus necessitating the stratum of petty and medium property owners to struggle for survival; hence, they have no time for politics. Thirdly and finally, the abortive putsch primarily enhanced the positions of Russia's radicals. All alternative political movements were temporarily blocked.

As a result, Russia entered the third phase of revolution with those self-same leaders who had won their reputation during its second phase. It was for them to build up the new structures and bring society back to normal, in short, do the job that revolution traditionally allocates to liberals. However, despite their political courage and resolve, the radicals have proved to be psychologically unprepared for this mission. This is not only because the same people have to tackle tasks of a different order. In politics, it more than once happened that with the passage of time left-wingers became moderates or even conservatives. Russia's radicals have no time for a right-about turn in their mentality. Which, incidentally, has its good and its bad points.

Indeed, only resolute, painful, yet inevitable measures will restrict the dimensions and the consequences of the disaster upon whose brink the country now stands. However, who, after the seventy-year-long dominion of the ideology of social sponging, can convince society that renaissance is conceivable only given lower living standards, the accumulation of wealth and other blessings by a few, and the renunciation of the illusions of social protection and equality? In all likelihood, only the radicals with their putsch-induced creditability could have done that. However, they will necessarily realize that this would definitely shape their future, as in the social mind their efforts would inevitably be associated with the privations that attend the introduction of a market economy. The masses will never forgive them that.

Withal obvious is the limited options the radicals have for consummating revolution. Attempts to introduce a new society and state, while standing forth as heirs of the old system will lead to the emergence of new double standard tending to destroy both emerging democracy and the new norms of interethnic relationships. The constant attacks that Russia's leaders level against the mass media betray either a presumptuousness or the failure to understand the role critical thinking plays in a post-communist society. As revolutionaries, Russia's radicals, like their predecessors, believe in their own grand designs for a bright future. Convinced that they are infallible, they reluctantly heed diverging opinion, preferring merely to issue decrees. No wonder when they assumed power, instead of sharing it, the radicals staked on an executive beyond the control of representative bodies. The emphasis on administration by fiat engenders a new youthful and aggressive bureaucracy, people who crave to have their own slice of the pie, are unaccountable, and hence ripe for corruption.

The creation of the CIS came as the peak of the creative dynamism of the radicals, manifesting the basic outline of their politi-

cal practice. The old Union was carved up within the space of but a few hours and the CIS was set up in its place as quickly. However, whereas the carving up was professional, with nothing left of the old Union, the establishment of the CIS revealed a dilettantish naiveté, with the very methods employed laying a potential minefield that was visible the very next day. Indeed, the CIS was created without any legal basis or treaty to specify the principal parameters, criteria and procedure for the interaction of the parties involved.

The inability of the radicals to halt the chaos and extricate the country from the crisis will have at least two consequences. The first is expressed in the mounting authoritarian tendencies. The democrats think their decisions hang fire because of a weak authority, not because their decisions are out of joint. Hence, the concept of the "strong man," a popular one with the masses, the new rich and the frightened intellectuals. The example of the "Asian Tigers" is referred to, although it would be naive to think an enlightened authoritarian regime, installing a civil society and law-governed state, would be conceivable for a postcommunist country. A "strong man" would immediately gather around his own *nomenklatura* who would frantically resist all attempts to "flirt" anew with democracy.

The second consequence is manifest in the crisis of the democratic movement. After the shouting was over, all we saw was that the hardest was yet to come. That thorny issue which every revolution propounds implying "What did we fight for?" stands forth. Was this for a better future or for the liberalization of prices? The millions, whose pockets have so suddenly been depleted, will hardly be convinced that the one inevitably paves the way for the other.

In all likelihood the Russian revolution's constructive phase is petering out. In the upshot we again have here an unfinished job, this time that of the revolutionary renaissance of society. A revolution not culminating in construction will repel all — from its supporters of yesterday to its opponents of tomorrow. The only solution is to share authority, and have a social partnership and freedom for Russian entrepreneurship. To shape the country's future, society's civilized segment must necessarily be involved in shaping its policy.

Yuri Davydov

*Drawings from the journal
Mladý svet (Czecho-Slovakia)*

The mistake of "the old friend"

"The new stage" of economic reform in Russia doesn't promise its citizens quick prosperity. Rather the opposite is true. Every step along the thorny path from "socialism to capitalism" brings about one more decrease in the already low living standard of the population. The phantom of unemployment thus far unknown in Russia becomes a tangible reality. The drop in production continues. Bankruptcy threatens many enterprises. It only stands to reason that at the 2nd (Lisbon) international conference, devoted to aiding reforms in the countries of the former USSR, the question of increasing the scope of aid was raised.

As to concrete prospects of receiving such aid, its amount and dates, official representatives of the IMF and the World Bank haven't yet suggested definite figures, as is seen from the information published by *The Washington Post*. They believe that the size of this aid may vary from 100 to 200 billion dollars during the 3 or 4 years to come.

Doesn't this two-fold difference in the projected aid sum look strange, since it doesn't match with the general

aid approach which has already taken shape in the West, and primarily in the USA? George Bush as well as both his Democratic contenders, Clinton and Brown, rival each other in expressing their readiness to help new friends, while the unlucky Republican Buchanan seems to have dropped into the background mainly because he didn't have scruples about declaring that money destined for aid to former Soviet republics was as good as "thrown into the wastebasket."

However, all is not so simple. Recently the question of who is to receive the aid first — Russia or other former "sister republics" — has come to a head. Or, probably, it is worthwhile to focus attention on East European countries? Henry Kissinger whom Leonid Brezhnev once called "an old friend" was among the first to start the discussion. Evidently, based on his experience with former Soviet leaders, he arrived at the conclusion that Russia didn't have, and would never have, the soil for democracy to grow in, instead, it had and would forever have conditions which foster imperial ambitions. This is why the Americans should be particularly wary of extending aid to it. The same idea, with certain variations however, was more than once expressed in interviews with another adviser to the White House, Zbigniew Brzezinski, who called upon the West to create a sort of check to the

potential dangers of Russia, and to direct major aid either to Ukraine or to Eastern Europe. The lobbying campaign by some influential ethnic communities in the USA and Canada is worth mentioning in this connection. Their efforts can't be said to have left no trace. For instance, at the aforementioned conference in Lisbon, some representatives of Western countries voiced the feelings prevalent in those communities.

Avoiding disputes with the advocates of the concept of counterbalance, Russian Foreign Minister Kozyrev hinted, in a gentlemanly manner, in Lisbon that Russia would only salute the expansion of Western credits for other former Soviet republics. There can't be any doubts here, since it really coincides with Russia's interests. On the other hand, however, does a reduction of aid for Russia meet the interests of other CIS states or East European countries? As Lech Walesa said in Moscow, as if answering his famous overseas compatriot, Brzezinski, "neither Russia, nor Poland or any other republic can be transferred to America; we are doomed to be neighbours... There is no other path for Russia and other countries except the path towards a market economy, freedom and pluralism. The only question is how to reach them, and at what price."

At what price, indeed? Russia which has been separated from the rest of the world by the "iron curtain" longer than others has to pay a particularly dear price for the years of isolation. It's not for nothing that the West is surprised at the endurance of the Russian people, at their readiness to sacrifice themselves for that same democracy, a soil for which some of Moscow's "old friends" couldn't discover.

Yet, if Russia fails to pay this continually rising price, if it fails to overcome the present bog of poverty, it's hard to imagine what may come of it, and not only for former "sister republics" and "brotherly states," because the train of reforms can't simply slow down or stand still on the rails. Rather, it will roll back, rattling and crushing all and everything. *The Washington Post* newspaper wrote in mid May that the West should be ready to pay to preserve the former Soviet Union from an explosion, fragments of which could reach both Europe and the rest of the world... The same American newspaper says that the hardships to be overcome on the path towards a market economy are hardly imaginable...

But, if Russia copes, everyone will profit from it, including the West. For, instead of a powerful foe or a feeble and sick partner, it will have a grateful and friendly Russia, and, most likely, she wouldn't be the only one.

Dmitry Volsky



What can the army do when there is fighting all around?

The Armenian-Azerbaijani conflict may become the first shooting war in the former Soviet territory

Hostilities are substantially broadening. Thanks to their vigorous decisive actions, the Armenians have scored a hat trick. Firstly, now that Armenian Forces have captured Shusha, they control virtually all of Nagorno-Karabakh. Secondly, they have thereby eliminated the immediate missile threat to Stepanakert. Thirdly, they have taken a major stride towards a land link between Karabakh and Armenia. True, to secure this strategically important objective, the Armenians had to seize and reliably hold a 15-km strip of Azerbaijanian territory, including city of Lachin. This strategic success means the blockade of Karabakh has been broken.

Tommy gun as source of power

In a situation when one side to capitalize on its victories in the field, seeks to secure a decisive triumph as soon as possible, and the other, affected by the shock of national humiliation and a rising tide of affronted patriotic sentiment ("always remember our Shusha!"), every attempt to secure a political settlement will long be futile. Chances of diplomats, in Minsk, Tehran or elsewhere, managing to initiate a peace process are rapidly waning. War parties on either side obviously dominate decision taking, while peace parties have to unceasingly prove their patriotism. Meanwhile official leaders of both Baku and Yerevan have less and less of a hold on the reins.

The existence of a separate Nagorno-Karabakh Republic also implies *pro forma* that the militants are no longer under Armenia's control. On the contrary, the circumstance that bleeding Karabakh continues to hold aloof the Armenian national flag enables both obvious and anonymous radicals who bear no political responsibility to pressure government Ter-Petrosyan and his government.

The bitter political wrangle inside Azerbaijan also weakens Baku's centralized con-

trol of its field commanders. That presidential candidates set out for the fighting front at the head of their "own" troops, shows that today not ballot box, but machine-gun is the source of power. Consequently, tangible authority in both countries is gradually but firmly concentrated in the hands of the chieftains of the armed formations and their masterminds, which is all very ominous.

The immediate, already officially enunciated objective of the Armenians is to win international recognition for the independence of the Karabakh Armenian Republic. Their next objective is reunification of Karabakh with Armenia. Finally, there looms distantly as on top of Mt. Ararat the hope of regaining at least part of Lesser Armenia currently incorporated in Turkey. Foreigners are reminded that historically Armenia was exactly five times larger than it is today, with 29,800 sq. kilometres.

Meanwhile Azerbaijan seeks to set up a unitarian Moslem state and retain and consolidate territorial integrity, possibly by making it monoethnic, which may imply the forcible deportation of Armenians and the Azerbaijanization of Karabakh.

A complete victory for either side would not merely upset the current alignment in the Transcaucasus, but have more far-reaching consequences.

Visible and invisible resources

What does either side possess? Armenia has no outlet to sea and of its neighbours has but one culturally kindred state, that of Georgia; it has a population 3,300,000, with 200,000 in Karabakh.

The geographically more advantageously situated Azerbaijan has a population 7,100,000. Economically, Azerbaijan is also far stabler. Its output of oil, which amounted to 14 million tonnes in 1989 and of gas furnish fine sources of hard-currency receipts. It has well-developed engineering and processing industries enabling it to maintain active trade with many countries.

It also has a broader foundation for a future national army, and the establishing of its own war industry. Finally, the Transcaucasian transport network enables Azerbaijan to block the flow of considerable freights to Armenia, including oil, consumption of which exceeded 3 million tones in 1989, as well as of fuels and raw materials and electricity, without fear of retaliation — inasmuch as Nakhichevan, unlike Karabakh, borders on friendly Iran, with whom it maintains extensive diversified links.

Faced with such disadvantages, the Armenians had to mobilize all "invisible" resources, implying their initiative, discipline, higher national morale and organizational ability. The potentially richer Azerbaijan is passive, with the relatively weaker Armenia winning thanks to technical levels. Again, the David is stronger than the Goliath.

Due to this mobilization of inner reserves, the on-spot alignment currently favours Armenia. In the long term, though, the balance will tilt towards Azerbaijan. To prevent that, Yerevan will need to win the backing of powerful extra-regional forces, for which end it enjoys good opportunity.

Partisan methods thus far

Generally speaking, Armenia may count on western moral solidarity with this oldest bulwark of Christianity in the Middle East. Another major factor is that like the Jews, the Armenians enjoy the sympathies as a martyred people, in the eyes of the US and European public. The 1915 genocide is in one rank with the Holocaust. In more pragmatic terms, there are hopes of capitalizing upon the political and financial influence of the Armenian diaspora, especially in the USA and also in France and Greece in Europe, and in the Lebanon in the Middle East.

Azerbaijan may likewise appeal for moral support to the Moslem states, and furthermore, may try to turn to advantage of the long-standing conflict between Turks and Armenians. However, it still has to find tangible allies.

Thus far the fighting has been of a parti-

san character, with detachments infiltrating frontier barriers, laying sniper ambushes and bombarding inhabited localities. Involved in the actual clashes are no more than 1,500 fighting men and 20 to 30 armoured vehicles on either side. Moreover, according to observers, the Armenian "jokats," dispatched to Karabakh every two or three months on a rotation basis, are well prepared. Indeed, though local Karabakh self-defence forces are more numerous, militarily and technically they are inferior to their allies.

Involved in the conflict on the Azerbaijan side are mainly formations of the popular, or national army, riot troops, and the armed formations of the Azerbaijan National Front. This army of some 20,000 men is only nominally subordinate to the defence minister, the president and the parliament in Baku. Discipline is frankly poor, and the standard of combat preparedness is exceedingly low; indeed, as eyewitnesses have reported, the men have no idea even of trench warfare.

Armenia started to militarize before Azerbaijan did, did this purposefully and has thus secured more. (Until last August Baku relied on USSR Interior Ministry troops and the Soviet Army). The main reserve of professional soldiers on both sides is prescribed by the armed forces of the erstwhile USSR, which as of October 1, 1991 had 3,649 officers of Armenian nationality, and 3,420 officers of Azerbaijan nationality, and 4,452 noncoms of Armenian nationality, and 6,672 of Azerbaijan nationality. The parliaments in both states urged these professionals to return home to defend their respective countries. Of course, this was heeded by far from everyone. Hope of hiring mercenaries, though continuing, cannot be basic here. Consequently, the main reserve of professionals is afforded by the regulars directly deployed in Armenia and Azerbaijan, notably, the 7th and 4th Armies.

Battling through to Russia?

The proportion of draftees of indigenous nationalities in these two armies currently stands between 40 and 50 percent. As the experience of the 366th motorized regiment stationed in Stepanakert till April has shown, a proportion of the personnel including officers and noncoms of Armenian nationality participated in the hostilities on the side of Karabakh's self-defence forces and after the regiment's northbound pull-out joined the Armenian forces.

The two sides have long viewed the arsenals of the two armies as paramount sources of armament, materiel, fuel, lubricants, etc. Thus, rifles and ordnance, including heavy guns, howitzers, mine throwers and Grad BM-21 mortars, ack-ack guns, namely Shilka ZSU 23-4, armour, including tanks, among which are the T72, infantry combat vehicles and scout cars and also personnel carriers and likewise helicopter transports and gunships are already in use. Repor-



The UN troops may be counted on only in case the sides agree on cease-fire

tedly, the Azerbaijanians alone possess several hundred armoured vehicles. How such weaponry is procured differs from stealing from depots and thus disarming of units to the acquisition of the lawful share of the properties of the Armed Forces of the USSR, to which these former Soviet republics are entitled.

In these conditions, one wonders what will befall Russian troops in the Transcaucasus, who have found themselves in an enemy environment on either side. The situation is more than complicated; actually it is desperate. The fact that they do not know why they are there, i.e., who they are to defend and against whom, who they are to help and with what, and what in the long run they are to die for; their indefinite status as the Transcaucasian Military Area was transferred to Russia's jurisdiction only in late March after a two-months' "study" in Moscow, which didn't settle every matter; the hazy prospects, that is, whether they are to go at once as Vice-President Rutskoy has suggested, or whether they are to stay on for reasons of retaining the regional geopoliti-

cal balance and offsetting the ever-present military threat from the neighbouring Turkey, as Col.-Gen. Patrikeyev, the commanding officer of the Area suggests; the ever increasing number of victimized servicemen, which fragmentary statistics put at dozens of killed already this year; and the unreliability of drafted servicemen, the demoralized officer corps affected by corruption, "ordinary" treachery, failure to obey orders and the mutual suspicion between generals and officers and the rank-and-file — all this has produced most explosive mixture.

A tangible danger exists that the troops, who are but poorly controlled by the Area HQ in Tbilisi and are but hardly controlled at all by Moscow, may eventually riot and rapidly disintegrate. Some, mostly Russian, officers with their families (the Area has roughly 30,000 officer families) will apparently try to break through northwards to Russia, may be with the help of armoured carriers and fighting all the way. The others having completely split, will flock to either of the two opposed sides.

All this spells something far more horrible than what Karabakh and the Caucasus in general have witnessed thus far. Everything once designated for a "big war" against NATO countries, for a breakthrough to the Straits and the Mediterranean, may assail the two small Caucasian states.

Should that happen, the Azerbaijan SU-25 will no longer be all alone in Karabakh skies; according to foreign sources, the Area air force had last year yet some 30 such planes, plus 80 Mig-23 and Mig-29 fighters, as well as upwards of 50 Mig-25, SU-17 and SU-24 aircraft. Then we shall get to know for certain whether there are chemical weapons in Transcaucasia, as the Azerbaijanians aver, or not. It will then be possible to test in action stocks in the region of still more formidable mass destruction weapons. If, God forbid, that comes to pass, the Russian government will be unable to decline the responsibility. While hopes still exist, it is essential, taking sober stock of our interests south of the Greater Caucasian Range, urgently to pull out the troops of the Transcaucasian Military Area and evacuate Army families.

*Dmitry Trenin
and Vadim Makarenko*

Russian "Atlanticism": maiden efforts

For Moscow any idea of partnership with NATO is still a political abstraction. However, the USSR's opponents of yesterday immediately set up a special agency to this end, namely, the North Atlantic Cooperation Council (NACC), which eleven former Soviet republics joined last March (see *NT* No. 11). This approach has already been useful for establishing contacts between the military and dismantling those stumbling blocks in negotiations that cropped up when apportioning cuts under treaties on strategic and conventional weaponry. However, the NATO-ites think still much farther ahead, so no wonder Brussels constantly reminds Moscow of expectations that Russia demonstrate major initiatives to politically flesh out the new structure. However, these initiatives have not been forthcoming and at the NACC's latest session in Oslo on June 5, the Russian team primarily sought to discuss the new NATO proposals.

CSCE and settling conflicts

During their "spring marathon," all NATO bodies intensively debated relations with EC and

the status of the Franco-German corps, emphasizing though broader cooperation with CSCE for resolving conflicts in Europe. At its Oslo session, the NATO Council decided to place the bloc's military resources at the disposal of CSCE for peace-keeping operations. This not only largely broadens NATO's "area of responsibility," but may also modify in principle the entire system of approaching international conflicts.

Possible closer relations between the two, as was thought incompatible, institutions of NATO and CSCE were first outlined in the July 1990 London Declaration. However, Europe has drastically changed since with one unpredicted outcome — the crisis of the Helsinki process.

Two years ago, NATO resolved to support the Soviet policy of institutionalizing CSCE and establishing a structural hierarchy ranging from the Security Council, which was a good idea, to a Conflict Prevention Center. The Paris summit gave the green light to the process. However, a mere six months later it was stymied by the Yugoslav crisis. All-European bodies shied away and the compromise machinery failed to work — such was the impact upon Europe of the time

Cooperation
with NATO
is essential.
But in what
form?



Drawing by
Marat
Tairov

spent on German reunification. Further, in the midst of the search for intermediate decisions a new crisis flared up, that of the USSR's disintegration.

By now CSCE incorporates upwards of 50 full-fledged members; hence, retention of the unanimity principle or even the radical concept of the "minus-one consensus" rules out all likelihood of effective collective security structures. Despite the entire political significance attaching to the impending Helsinki-2 forum, it will not yield, in fact, any concrete results.

In the meantime NATO evolutionized, seeking to keep its integrated military structure. The victorious finale of the cold war and the USSR's break-up acutely raised the issues of NATO legitimacy and ability for adequately coping with the new security challenge. The answers were set out in the new strategic concept adopted last November, which oriented NATO's military structures on repulsion of threats emanating from places outside of the traditional zone of responsibility. Though a start has already been made on an armed forces reform linked to enhanced strategic mobility, it is essential to have a weighty political mandate for operations as regards local conflicts. In the case of the Gulf War, the UN provided this mandate, but as regards Europe, only CSCE may do that.

NATO's new all-European concept envisages the likely use of its rapid deployment forces but under the "Helsinki flag," which may provide CSCE with a tangible potential for reacting to those low-intensity conflicts that have so rapidly spread throughout the southern "attics" and "galleries" of the all-European house. However, to be discerned behind this is the prospect of renouncing the established practice of peace-keeping operations, when deployment of multinational — often symbolical — forces shores up a political compromise. The overwhelming military superiority NATO enjoys in any local conflict paves the way for dictating political solutions or simply for politically recording the decisions the military take.

As far as Russia is concerned, these highly polyvalent options relate firstly to the conflicts along the CIS periphery, where NATO rapid deployment forces may cooperate with the CIS peace-keeping forces that are being set up in line with the Tashkent treaty. Here again the Balkans may present the touchstone.

Yugoslavia

This highly acute European crisis has taken a new turn, which NATO presumably initiated. At the outset, EC and subsequently the UN introduced tough sanctions against Serbia and Montenegro; one would have thought NATO had no bearing upon this. Yet from the conflict's very outset it was the two leading NATO powers, the USA and Germany, that stoked the more powerful external impulses.

Indeed, but a few days before the first major outbreak of violence in Slovenia, US Secretary of State James Baker announced in Belgrade that his country resolutely advocated Yugoslavian integrity. His words were taken by the Serbian leadership and the Yugoslav People's Army command as a go-ahead to send the army into action. However, at this juncture, the USA could have mobilized NATO to restrain escalation of the conflict, which at the time was still not a shooting war. A tough stand confining soldiers to barracks, furthermore, one backed up by a limited demonstration of force, could have averted the Vukovar tragedy.

Still this option was ignored and for quite a long while the USA held aloof from involvement in the Balkans fighting. Meanwhile, the West European countries, and EC, mainly under German influence, which had called for official recognition of Slovenia and Croatia, drastically modified their policies. Evidently German preparedness to uphold traditional interests in the Balkans intensified when the ungovernable flood of immigrants inundated Bavaria and turned Munich into a vast refugee camp.

A still much tougher stand was taken against Belgrade when the conflict extended to Bosnia and Herzegovina, after which the USA supported Germany and proposed sanctions. Though the very manner in which the matter was raised suggests an analogy with the Gulf War, all comparisons immediately show that parallels between the forcible annexation of Kuwait and armed support for the Serbian minorities are out of question. More often than not there are no right or guilty parties in interethnic conflicts, but only victims; hence, from the very outset the policy of sanctions has been devoid of prospect. Still, it offers NATO the opportunity for demonstrating its usefulness. One must not forget that in NATO oper-

ational plans, a conflict in the Balkans always loomed as one of the more likely detonators of a "big war."

Karabakh

Over the past few weeks, the most acute conflict within the formally still existing CIS has been intensively debated under the aegis of CSCE; however, the very futility of these discussions induces thought of the role NATO might play. Indeed, its policies are more and more palpably determined by the attitudes of the only NATO member country with its own interests in Transcaucasia, to wit, Turkey. Having ceased after the fall of Shusha and Lachin to act as an unbiased mediator, the Turkish leadership has been pressing to have Armenia recognized as aggressor. In Russian policies too, especially after the Demirel visit, there have been changes tending to cause Armenia extreme anxiety.

This blunder may be disastrous. It is not that in accord with the Tashkent treaty Russia is mandated to support Armenia. On the contrary, the said treaty allows Russia the possibility and formal right of upholding her interests in the Caucasus.

In case of Armenia, the epithet of "aggressor" is unacceptable in principle, as the "corridor" it has cut gives an entire nation chances of survival.

It would be most beneficial for Russian diplomacy to realize at long last that international mediation in the settlement of conflicts is one thing, while the dictation of solutions by external force is quite another. After all, in the foreseeable future the NATO-CSCE pair may well be drawn upon to dictate such "solutions" to Russia herself.

Hence, cooperation with NATO is both profitable and essential for Russia to consolidate her role in the European system of security. However, such diversified cooperation will not be helped along by renouncing her unique national interests that, incidentally, have not been coherently formulated thus far. Even despite entrapment in the throes of an extremely severe crisis, Russia must insist upon equal partnership with NATO, inasmuch as any other alternative would spell renunciation of her own future.

Pavel Bayev



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Major personnel changes occurred in the Russian government. Victor Chernomyrdin, Georgy Khizha, Vladimir Shumeiko, Boris Saltykov, and Anatoly Chubais were appointed vice-premiers. All of them are industrial managers characterized by a pragmatic approach to settling problems. According to some assessments, Yegor Gaidar's status wavered because of these appointments, and the implementation of his reform programme may prove endangered.

The Chairman of the Central Bank of Russia Georgy Matyukhin applied for resignation. He explained his demarche by his complicated relations with the Supreme Soviet Commission for the budget, planning, taxation and prices which tries to replace the bank as well as by unfounded criticism on the part of the mass media and some figures in the top echelons of power. Russia's Supreme Soviet declined the request and granted the head of the Central Bank a number of additional rights, having considerably strengthened his position.

Gavriil Popov announced his decision to "quit his job as Moscow's Mayor." The ex-mayor said he intended to devote himself to



doing the job of Chairman of Russia's Democratic Reform Movement. He had been elected to this post by the Movement's conference last January. The President of Russia entrusted Yury Luzhkov with the functions of being Moscow's Mayor.

Boris Yeltsin met in Yekaterinburg with the leadership of the Sverdlov Region and representatives of industrial enterprises and the military. He said that society must be prepared to face one

more price hike caused by the rise in the price for oil. In his words, "this will be the last objective measure which is going to influence prices." Yeltsin arrived in Yekaterinburg to visit his sick mother. Klavdiya Vasilyevna Yeltsina, aged 84, was placed in the Yekaterinburg Cardiological Centre with the diagnosis "infarction of the miokard."

The President of the Russian Federation signed a Decree on bankruptcy to be effective until the corresponding law is passed. This draft law has already been under consideration by the Supreme Soviet of Russia for a long time.

Russia's Security Council decided to take urgent measures in order to strengthen Russia's state border and customs service. It was decided to create Russian frontier troops in addition to those already existing in the framework of the CIS.

Presidential elections were held in Azerbaijan. All presidential candidates upheld the country's independence and the return of Nagorny Karabakh to it. The Popular Front leader Abulfaz Elchibei is thought to be the leading candidate. The final results of the elections will be published later.

The day before the elections the Azerbaijani Milli Mejlis (National Council) approved the Law on Parties, guaranteeing freedom of activity for various social and political movements and organizations. However, the President, journalists and the clergy are denied party membership.

A conference of the Parliamentary Reform Coalition was held. It adopted, on Boris Yeltsin's initiative, the resolution on creating a coalition of Russian democratic forces in support of reforms, the president and the government. In the idea of the participants of the conference, the coalition must initiate a mass movement opposing the activities of the conservatives and promote further development of reforms.

Soldiers and officers of the 14th Army published a memorandum expressing their astonishment at the Russian authorities' decision

to pull out the Army units from the Dniester Region. The military believe that the army must play the role of deterrent until it's possible to settle the conflict by political means.

Russia's Security Minister Victor Barannikov ordered a number of high-ranking generals and officers from the ministry's elite to be taken off their post and immediately retired. These include the chief of counterintelligence, the chief of the Directorate of the Security and Safety attached to the President of the ex-USSR, the head of the Housing Department, the head of the Building and Property Management Department of the Directorate of Counterintelligence, and some others. This decision was made, based on the findings of the commission created on the minister's initiative to investigate professional offences and abuses of power by some high-ranking officers.

The Supreme Court of Lithuania began investigation of the case of the country's ex-premier Kazimiera Prunskiene suspected of collaboration with the Soviet State Security. The session was postponed because K. Prunskiene failed to appear before the court. According to the ex-prime minister she needed some time to get prepared for the court session.

Kazakhstan's Supreme Soviet approved the country's new National Emblem, Flag and Anthem.

The 2nd session of the Baltic Assembly was held in which leaders of the Baltic states, parliamentary delegations of Lithuania, Latvia and Estonia as well as of the Northern Council and the Council of Europe, representatives of Belgium, Netherlands and Luxemburg and guests from Russia took part. The session was devoted to the problems of developing cooperation between Baltic states. The leaders of the three Baltic states signed a communiqué of the Baltic Council titled "On the increasing illegal operations of Russia's troops on the territory of the Baltic countries."

A mouthpiece for the authorities?



Unfortunately, the events of our quickly changing life make me recall more and more often the promise I gave, on impulse, in an interview to the respected newspaper *Kuranty* (May 1991). In those days I had just been elected the Chairman of the Committee for the Protection of Freedom of Speech and the Rights of Journalists. For this reason the correspondent insisted on an outspoken answer to his question: whom would I help first, "a leftist reporter beaten up by the special riot police or a communist hack writer whom the democratically minded ones have given a good thrashing for a new bit of communist propaganda?"

Leaving aside the correctness of this comparison, I smartly rebuffed the verbal attack by answering that I would first rush to the rescue of the communist reporter, and precisely because the dignity of democracy was a much more precious thing to me than the authority of the riot police. All the more so that this declaration of mine didn't cost me anything. It seemed to me that my smart answer had a purely theoretical importance — I think that many have not yet forgotten who used to give "a good thrashing" and to whom in the spring of 1991...

Then came the August events.

The riot police became subordinated to quite different people, and my first impulse was to return back to practical journalism, after all for what and against whom were our rights to be protected NOW? But the seemingly new people, having moved into the cabinets in the building of the former CPSU CC, surprisingly were eager to adopt the old political techniques. The press was the first to feel the heat on its back.

Not all of us, it seems, managed to suppress at once the vindictive feeling of gloating joy at Yeltsin's decree on the suspending the publishing of central communist papers which, to my mind, was not only undemocratic, but also not very sensible for purely pragmatic reasons. True, to the credit of us journalists, the decree was right away opposed by

journalists of the most flawless reputation, from among those who spent all the putsch days on the "barricades," who printed leaflets by night and who broadcast, by underground transmitters, diatribes against the treacherous role played by the very papers which they were now defending.

However, the opposite mood reigned supreme in those days — they've got their due! And (as, incidentally, should have been expected) the bad example triggered a series of most outrageous pogroms of the local press. Especially active in "giving a good thrashing" to "communist hack writers" were communist functionaries who right away became chairmen of local Soviets and the President's personal representatives. Is it worth mentioning that all this was carried out in glaring contradiction to the law?

It became clear gradually that all could not be reduced only to the desire of some functionaries to get even with some journalists, to bring down on them their wrath, righteous or otherwise; it could not be explained only by the lack of experience on the part of those who had just come to power and hadn't yet learnt to have a properly esteem for the law.

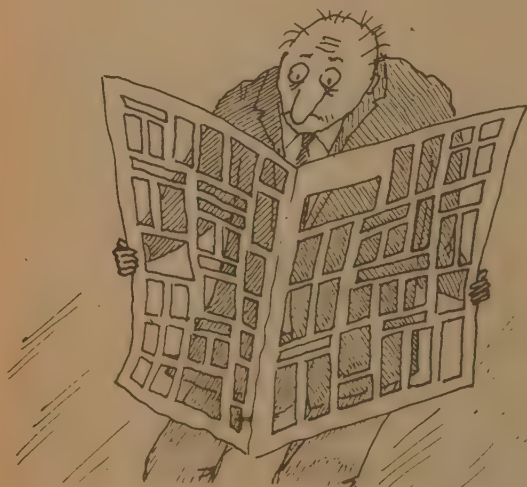
It can be explained by the traditional desire of the authorities to overpower the press, to put it on a short leash in the name of the new, noble and democratic ideals, of course, which are easiest to defend by the least noble and least democratic methods. They started with communists. The Press and Mass Media Minister publicly holds up to shame partocrats on every occasion (so many people have found themselves in their number during the last 10 months!), yet we remember that the first ones to have been officially reprimanded and warned were not the pro-communist *Den* (The Day) and *Puls Tushina* (The Pulse of the Tushino District), but the democratic *Moscow News* and the *Nezavisimaya Gazeta* (Independent Newspaper) which dared publish unsanctioned information...

Since that time the new authorities have more than once brilliantly confirmed their genetic link to the old powers, at least in the sense of attitude towards those differently minded and having different perceptions.

I'm aware that it sounds offensive, yet there is nothing to be done about it: the authorities have so far failed to recognize any other way of interacting with the press besides "guiding" it. They don't even want to learn new methods. When their attention is drawn to this deplorable circumstance, these big bosses feel hurt and call the criticism "bubbles of indignation with democratic ways," meaning, in all evidence, that the ways imposed by the present authorities can't be undemocratic, by definition. And in this regard, however deplorable it might be, neither former *Pravda* special correspondent, Poltoranin, nor former head of the chair of scientific communism, Russian Khasbulatov, nor former director of the Yakutugol Works Esterlein differ from each other in the least.

The case of Esterlein is very simple and highly instructive: it is the archetype of an attempt to reduce journalists to the status of servants for any given ruling party.

And the case is as follows. For already sixteen years, in a far-off city of Neryungi, the newspaper *Industriya Severa* (Industry of the North) comes out which was enviably independent and resolute, even in bygone and rather uneasy times, and which enjoyed unconditional popularity among



Drawing by Victor Bogorad

the population (as a frequent guest of Neryungi, I'm an eyewitness to it). Suffice it to say that as of last year the population of 100 thousand people included 30 thousand subscribers to the newspaper. It was published by the city CPSU committee and later, when Party committees ceased to exist, it became the paper of the city Soviet. In both its variants the paper failed to please the Director of Yakutugol – it criticized him, and he sent complaints to higher authorities and even twice filed suites against it, and lost them both – a too insignificant thing even to be mentioned now.

It wouldn't have been worth a mention if Eduard Esterlein hadn't become the head of the city administration and if on May 7, 1992, the session of the city Soviet hadn't adopted, under the heading "Miscellaneous," a resolution worked out behind the back of the editorial office members (the Statute of the newspaper which hadn't been registered for more than 3 months stipulated by law). The editorial office learned that, instead of one, the paper now had three founders – the head of local administration, the Republican Press Ministry, and the city Soviet. It was explained that the President of the sovereign Sakha Republic (former Yakut Autonomous Republic) deemed it necessary, "in the present complicated political situation," to re-institute all newspapers in the republic in this manner in order the authorities got their "tribune."

Having "got the tribune," the head of administration immediately reorganized the paper: he sacked an editor particularly disliked by Esterlein, one who had worked for the paper from the day it was born, and a new one was appointed who had worked for the paper published by the Yakutugol Works and with whom not one of the editorial office members, without exception, wanted to

work with. The editorial office complained to the court and threatened to go on strike. The administration warned the journalists that all protesters would be sacked...

And they would be, even prior to the decision by the court. And no journalist will be able to defend them. The State Inspection for the Protection of Freedom of Speech in Russia, the Committee for Mass Media of the Supreme Soviet and our committee under the Confederation of Unions of Journalists are trying now to interfere in the conflict...

But, as it turns out, we have no legal leverage, besides trying to persuade the opposing sides to behave in a civilized manner. And is there anyone to listen to our exhortations?

The trouble is not only that there is no way to bring administrators down to reality. I am convinced that the press must be completely separate from both executive and representative powers. Newspapers must belong to political parties, public organizations and individuals. Tax-payers' money should not be spent on propaganda of political views favoured by powers-that-be, regardless of how nice the people are in the administration.

Unfortunately, the Deputies of Russia's Supreme Soviet didn't listen to our arguments when they approved the republican Law on the Mass Media, having thus doomed themselves to endless discussions of how much space has been devoted to some faction or other on the pages of their *Rossiiskaya Gazeta*...

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Pavel Gutionov

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Gaidar carries on: up a blind alley?

Russia's economy is in the throes of a crisis, and the classical Russian question "what is to be done?" has arisen again. Naturally enough, the public expects the answer to come from the Yegor Gaidar government which, as a result of its demonstrative offer to resign at the Congress of People's Deputies last April, has actually been given a *carte blanche*.

At the end of May, Gaidar submitted to a cabinet session, at least, the conception of his government's new programme for action in the second stage of reforms. In his words, the government intends to give up its "fire brigade" function and to tackle strategic problems involved in a smooth changeover from the state of crisis into the paradise of a stable market economy.

Is there light at the end of the tunnel?

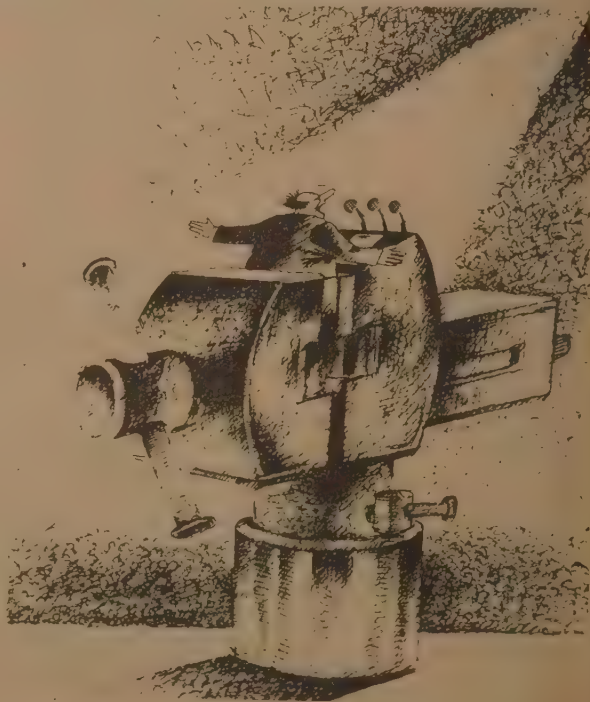
The new programme's priorities which Gaidar has enumerated in his statement, may create the impression that light has appeared at the end of the tunnel. Judging by the proposal he has submitted, the government intends to take a series of bold steps toward the free market — to give up the practice of government price control, of the state-imposed obligatory delivery schedules on suppliers, of administrative restrictions on foreign trade. The Vice-Premier promises to solve the acute problem of the public sector's insolvency by granting it relatively small task-oriented credits. The measures he has suggested include an early introduction of the convertible ruble to be used in current transactions, stabilization of the Russian currency unit against hard currencies, the setting of realistic bank interest rates. The government is going to issue credits to farmers on easy terms, to allocate substantial credits for construction work, to expedite privatization and to encourage free enterprise in general. Conditions are to be provided for the development of private businesses which will replace inefficient or bankrupt enterprises. Secondary capital, land and real estate markets are to be formed. As to social policy, its main purpose will be, in Gaidar's words, to provide conditions under which any hardworking

A new round of Gaidar's reforms is a medicine for the symptoms, not for the malady

and enterprising person would be able to raise his living standard, to make and effectively invest money. Shouldn't this prospect be welcome to Russia's citizens exhausted by the "shock therapy" of the first stage of the "transition period" (it was not for nothing that the government has incorporated what it called "pain killers" into its programme!)

What sobered all of us up, however, was the explanation the Working Centre of Economic Reform, under Russia's Government, sent in to the Editors, which said that the precise timetable for the radical reforms to come is "hard to set in advance." According to this document, the government concentrates its economic policy, once again, on reducing budget deficit to three percent and beating the inflation rate down to 3-5 percent a month. It is only in the next phase that the intense stimulation of private enterprise and competition, a substantial reduction of the public sector's share in production and the encouragement of private investment in the economy are provided for. Consequently, monetarism — which has been counterproductive in Russia so far — re-

Drawing by Yevgeny Sinchilov



controllably, and the volume of the enterprises' collective debts has amounted to an astronomical 1,500 billion rubles.

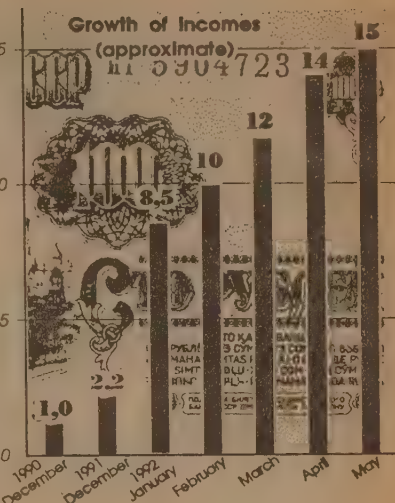
In the meantime the factories of the public sector continue to make non-competitive, often unwanted products. The Rosselmash plant, for example, can find no market for thousands of its expensive high-capacity combine harvesters, but is not in a hurry to launch the mass production of mini-machines for farmers. This situation is typical of many industries. The military-industrial complex, where the conversion process largely remains on paper, is still demanding state subsidies. Under the circumstances, the government's plans for changing over to a free-market economy after the economic situation is formally rectified look utopian, to say the least. All the more so that our cabinet's criteria of a "healthy economy" are problematic even for many of the highly developed market-economy countries.

Where's the way out?

Many economists and entrepreneurs maintain that the answer lies in the rapid restructuring of the economy, setting up an investment climate more suitable for it (by easing the taxation burden, in particular). The income tax and the value-added taxes alone rob private business owners and traders of 60 to 73 percent of the money they make. Judging by the statement Gaidar made during the discussion of the new reform programme, no changes are forthcoming here. What's more, the Central Bank has raised its loan interest rate from 50 to 80 percent, not without the government's consent, which actually makes investment credits out of the small businessmen's and farmers' reach, as well as undermining the position of new commercial banks and exchanges. The process of privatization in Russia has left the public sector's position in industry intact so far. The Ministry of Economics experts have admitted that most of the stock is held by state-run enterprises.

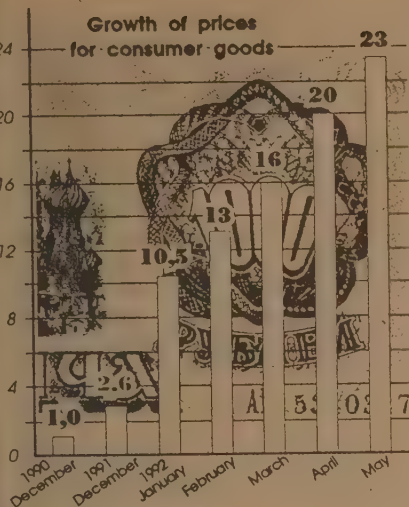
A pressing problem

In its conceptual programme for the second round of the reform, the government admits the need for changes in the sphere of foreign trade. This is, indeed, a pressing problem. Obligatory hard-currency deductions from export revenues to the state budget now amount to 40 percent of the total. This is one of the main reasons why foreign investments in joint enter-



prises now do not exceed one billion dollars, i.e., constitute a third of the foreign investment in Hungary, for instance. Even Russian entrepreneurs now prefer, in an ever growing number of cases, to invest their hard-currency revenues abroad where their investments already add up, by an expert estimate, to 24 billion dollars, which exceeds the sum promised Russia by international financial organizations in aid. What is the government doing about it? It has started looking for, and retrieving the "runaway currency" capital, instead of providing sound conditions for investing hard currency in Russia and guaranteeing free use of these investments. Then Vice-Premier Gaidar announced his intention to discontinue the practice of tax exemption from import and to revise foreign-trade tax benefits granted to some regions of the Republic. Although Gaidar has not specified these regions, he obviously means the free economic zones, above all those which exist chiefly on paper anyway.

Vice-Premier Gaidar can hardly fail to see the contradictory nature of a situation where the government's declarations for a market economy are accompanied by practical measures which run counter to these declarations. Many explain the duality of the cabinet's position, which shows in the programme for the second stage of the reform as well, by the need to manoeuvre between the tough demands of international financial organizations, on the one hand, and the Russian public sector's powerful lobby in parliament and its influential advocates on the other, who claim that the policy of quick reforms may revive Bolshevism. As a result of such



mains the point of departure for the second stage of the reform as well.

This is confirmed by a report issued by the EPICentre independent research group headed by the well-known economist Grigory Yavlinsky. The government's professed attempts to make the economy well again actually boil down to measures to preserve the inefficient enterprises of the public sector. These enterprises remain monopolists in their fields and, with everything being in short supply, take price liberalization policy as an invitation to inflate prices *ad infinitum*.

This triggers the "prices-incomes" spiral, where the government is compelled to make up for price jumps by wage hikes, provoking hyperinflation. The Yavlinsky group has come to the well-grounded conclusion that the government is fighting not the malady but its symptoms. For its part, the Ministry of Economics is now compelled to admit that in the second half of the year, retail prices will grow 3.5 times in Russia. According to the *NTT*'s sources of information, the emission of paper money will be doubled in June as compared with the May figure; in terms of worth, last month's paper money emission exceeds that of the past thirty years. A deficit-free budget remains a myth. The attempts to make it a reality have practically decimated public savings and caused an unprecedented rise in taxes in the spheres of production and commerce. Suffice it to say that the number of various direct and indirect taxes in Russia has reached 40! And although a lion's share of budget revenues goes into supporting the public sector, production is slumping un-

manoeuvring, the government is steadily losing support from the growing new class of Russia's entrepreneurs who could otherwise become its allies in the campaign for reform. Their disappointment at the cabinet's policy has already found its expression in their plans for setting up a political freedom party, as revealed recently by the well-known businessman Konstantin Borovoi, who demands that "the government should express the interests of the people rather than those of populist upper-crust bureaucrats."

A new force

On the other hand, the government comes under the so-called "constructive criticism" from the leadership of the newly established All-Russian Renovation Union, which has proclaimed itself a new party of a parliamentary-type which, according to independent observers, can make a serious bid for power. The captains of public sector industry, who make up the backbone of the Union's founders, are certain that economic chaos in Russia can be resolved through stepping up the state's pragmatic interference in the economy. As Alexander Vladislavlev, chairman of the Renovation's organizing committee, put it, Gaidar might keep his cabinet post only on the condition there was someone to supervise him. Vladislavlev is of the opinion that the West will grant much larger credits to a team of pragmatics and professionals than it will to Gaidar alone.

The strongest and the most dangerous challenge to the government, however, comes from industrial workers who, as a result of stubborn attempts to combine liberalization with stabilization, have found themselves without wages and prime necessities. The rising wave of strikes in Siberia, in the Urals and in the north of Russia shows that the country has come close to a social explosion and to an economic stupor. If the worst comes to the worst, the Gaidar cabinet's pet problem of "balancing the budget" will, probably, be dealt with by others. The sad record of the Weimar Republic is quite instructive in this context. It will be recalled that the party which came to power in Germany was known as the National Socialist Labour Party. This witches' brew of nationalism, socialist populism and workers' corporativism may prove as explosive in Russia.

Nikolai Garkusha

OPINION

What's the criterion of success?

The absence of clear-cut criteria is the main source of disagreements between the government and parliament, between the authorities and the public in assessing the Gaidar reforms. The author of the article argues with the reforms' critics.

A few months ago, Moscow municipal authorities granted all pensioners the right to use the Metro free of charge, and the news boosted my national pride. I knew that London pensioners enjoyed this right, and it felt good to know that we could keep up with the British in this respect. Then came the doctors' strike which showed that the Moscow city purse was hopelessly empty. Pitiful state subsidies cannot sustain free medicine any longer. That made me dubious. Using the Metro free is much better, of course, than paying Metro fares. Can a government decision be based on such primitive logic, though? What matters more to a pensioner — free use of the Metro, or free services of a doctor? After all, free Metro tickets could have been distributed among the needier pensioners, not all of them, and the money thus saved used to meet other urgent needs...

What's good and what's bad

How are priorities to be set in a situation where we — I mean our society — have still not agreed upon the criteria of what's good and what's bad? The shortcoming many of the latter-day economic evaluations have in common is that the criteria underlying them are either arbitrary or vague.

As it got down to the current reform, the government itself did not set forth any clear-cut criteria of how to judge its success. The first step, taken in desperation, was predetermined by the situation. In order to keep the suppliers interested in delivering goods for money, it was necessary to legalize price liberalization and to carry it out to completion without delay.

It was against all the rules to carry out

liberalization prior to demonopolization. The last chance of playing to rules had been missed when the 500 Days programme was rejected. And now another "violation of the rules" is contemplated. No one can carry out privatization in a matter of weeks — it takes years. This means that domestic monopolism can be broken up only by opening our economy to competition from imports. This implies an early introduction of the convertible ruble.

Three stages

Nevertheless, the almost hopeless move — an abrupt liberalization of prices — produced a certain gain. If it has not stimulated production yet, it slowed down disintegration and afforded us a breather. The enterprises are already seeking to make and sell something, they are looking for orders, for customers (this is something unprecedented). Now an attempt is made to go further than that — to work out a criteria of efficacy of the further reform efforts. The government has got down to drafting a mid-term programme as part of fulfilling its promise to adjust its reform line.

The reform is to go through three stages. The first stage, **crisis**, is on now. Its priorities are liberalization and financial stabilization. The criteria of its completion are: a certain (very small) share of controlled prices in the total volume of the gross national product (GNP), a minimal share of state purchases, a top limit on the state budget deficit, and some kind of reduction of the inflation rate. The other criterion will be the introduction of the convertible ruble as the instrument of settlement in current transactions, the stability of its exchange rate, and an end in the production slump.

The second stage is **restoration**. It will emphasize institutional changes creating conditions for private enterprise and competition. Criteria of completion: a certain share of the public sector in production, trade, crediting and investments, the attainment of the pre-crisis level of the GNP.

The third stage is **growth**. The emphasis will be on economic reconstruction. Criteria of completion: a high enough rate of economic growth, a fast rise in manufactured goods export, a steadily favourable balance of payments, a sufficiently high rate of accumulation.

The above-mentioned sets of criteria appear essential but insufficient. The economic and organizational criteria are more definite, and the social ones are vague. An overall uncertainty of these criteria manifested itself most strikingly during the recent discussion of another government document — a draft privatization programme for 1992. The document made no mention at all of one criterion which I had considered to be of prime importance — the profitability index. Asked about the reasons for this omission, a government spokesman countered with a question about the application of that criterion: "Which enterprises are to be privatized first — unprofitable or, on the contrary, the most profitable ones?" he asked.

It has always been taken for granted that the state should stop subsidizing non-profitable enterprises above all, and that if they failed to keep afloat on their own, their property was to be auctioned off. I see no other approach to the problem, but considering that this is not obvious to all, a public discussion is necessary.

A knot of problems

It is precisely the vagueness of criteria, I am sure, that explains why the government and parliament, the authorities and the public are divided on what modern economic policy should be like. The most general question is whether the period of crisis should be hard but short, or mild but protracted? There is no ready scientific answer to this question.

How were the early results of price liberalization assessed, for example? They weren't assessed at all. Our decision-makers neither analyzed the mechanism of pricing, nor tried to find out how high the prices had actually climbed.

For want of any alternative statistics, I

shall reproduce here the price indices quoted by the State Statistical Committee following the January "liberalization leap": in February, the index grew 38 percent; in March, 30 percent; in April about 20 percent. The figures suggested that the inflation curve tended to flatten out, that we could expect the index to go down to 10 percent in May, and a zero price rise by June. Unfortunately, direct extrapolations do not work in economics.

Gifts for all means gifts for none

Before the effects of the liberalization of energy prices become apparent we will witness the effects of the growth of nominal incomes, which accelerated in April. This is largely an indiscriminate growth not connected with either an increase in the volume of production or with the assessment of individual income brackets' social vulnerability. Every politician is eager to make a gift to this or that category of citizens. As a result, there accumulate gifts for all — i.e., for none. To be more exact, the result is total impoverishment because the further weakening of the ruble depreciates the hard-won progress of reform. The social situation remains bad, and the situation in the sphere of production is getting even worse as hyperinflation is becoming a protracted process.

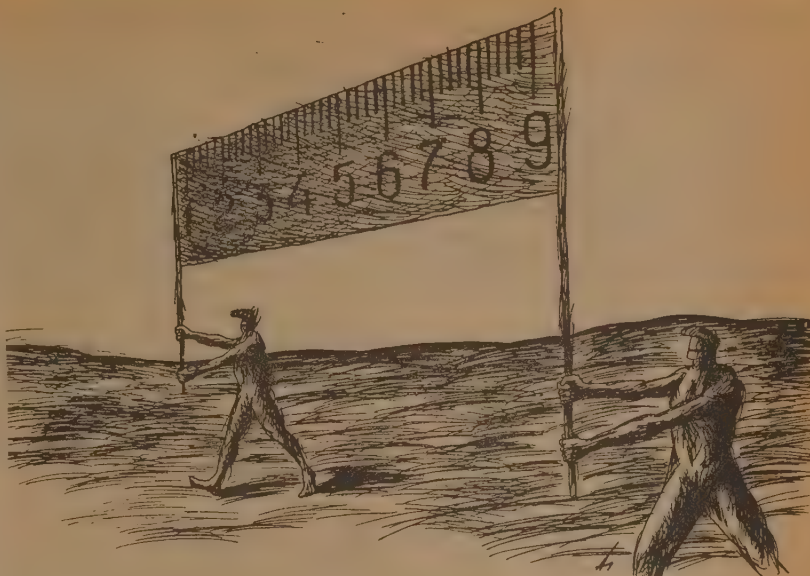
Production investments, which constitute the basis for economic progress, have been as good as blocked. Having

tried a 20-percent interest rate, unthinkable in a normal economy, the Central Bank raised it to an appalling 50 percent and then, without a respite, to a fantastic 80 percent. Is that a realistic rate of interest? Of course it's not. With the rate of inflation running into the double digits each month, a realistic interest rate amounts to a triple digit percent per year. Can a realistic interest rate be set? Hardly. The worst has happened at the 50-80 percent level: credit, still profitable in quick trade profiteering, has become dangerous to production investments which require reliability for years to come. There is no reliability whatsoever.

The only decision which is in the interest of society is to bridle inflation as soon as possible. This should top the list of production and social priorities after price liberalization has been completed. As to social protection, let me repeat that there are no universal decisions: you cannot help all the social groups at once, you've got to learn to do it selectively.

The delay of full energy price liberalization, the ill-justified tax benefits to many enterprises, the indiscriminate social compensations — all this creates an impression that the anti-market opposition has attained one of its objectives, at least: the government has become ashamed of its own insistence on reform. If so, this is a grave mistake. The only compensation that can satisfy all is an early success of the reform.

Otto Lacis
(Izvestia)



Drawing by Arkady Gursky

Why work?

What strikes a foreigner visiting Russia is the absence of the so-called "work ethic." The specific phenomenon can be described in numerous little vignettes from daily life of this country

Barbara Welling Hall

A potential passenger in Moscow hails a cab and tells the driver the desired destination. The driver then tells a bald, transparent lie, "I'm not working"



(why then did he stop?) and speeds off. Or, as another example, the door to a bathroom stall falls off in the hands of a would-be user

and the *dezhurnaya* swears at her for carelessness. Employees brag to each other about deceiving their employers. Businesses coerce clients into using their services by threatening reprisals if the client indicates a normal, healthy interest in comparative shopping. Everyone has his or her own stories about rude workers and dishonest officials, about encountering inappropriate blame and lack of initiative on a habitual basis.

These daily annoyances add up quickly. No doubt, when tired citizens of the former Soviet Union say, "We want to live a normal life," they mean that these headaches should be avoidable. (There are, of course, many understandings of a normal life, but a vision of a polite existence seems to be a common feature.)

If men and women are to be courteous, honest, and independent in their public life, they must in turn derive

some personal satisfaction from their own work. Employees are humiliated by employers and others who insult their intelligence, who never encourage creativity, and who treat them like thieves. In a hierarchically organized society and in accordance with what might be called a "transitive law of human relationships," humiliated employees can be expected to treat anyone over whom they have a smidgeon (*chutochku*) of power with an equal lack of respect.

Work can be a source of satisfaction

What kind of self-respect, what kind of satisfaction might be derived from work? It should go without saying that the ability to acquire basic material needs (food, clothing, shelter) provides reason to work, although the Soviet experiment frustrated and disrupted this incentive. When individuals know that they will be adequately fed, clothed, and housed, and when they are not exhausted, work provides opportunities for the satisfaction of spiritual needs through social interaction. Life can be materially abundant and, at the same time, constricted and lonely. My colleagues and I work together with varying degrees of success to create a supportive community. For example, I teach international relations because it is in conversations with students that I learn how their world is constructed. I write because ideas are developed in the act of expressing them to others. I volunteer to unpack boxes of humanitarian aid from Germany because international relations can, at their root, only be interpersonal relations.

These are, I believe, positive incentives for work. At the risk of being even more autobiographical, I will state that these incentives are rela-

tively new for me. The protestant work ethic has its negative, debilitating aspects as well. There is in the West a very real tradition according to which the poor are poor because they are morally and spiritually bankrupt. Poverty is considered a punishment from God. Another way of expressing this same belief is that hard work and success on earth is the way to avoid hell in the hereafter. These are extraordinarily negative incentives with serious psychological consequences. The negative psychological consequences for the underpaid and the unemployed are obvious. The negative consequences for those who become addicted to work are less commonly understood but are nonetheless real.

These strange people – the workaholics

What does it mean to be addicted to work? An addictive behavior in general is behavior that provides an escape from reality. The addict believes that the behavior, for example his or her work, is the only thing in the world that matters. An individual who is addicted to work, a workaholic, will choose to go for years without taking a vacation, will talk about nothing but work, and expects others to do the same. One species of workaholic will carry a briefcase stuffed with books and papers back and forth between home and office and will even take these books and papers to bed. In the meantime, the workaholic loses touch with his or her family demanding that their needs and desires be postponed indefinitely so that the all-important work can proceed. The workaholic has no time for such frivolous activities as listening to music, playing with children, or writing a letter to friends. No satisfaction can be derived from the simple

Barbara Welling Hall, Ph.D., is Assistant Professor of Politics at Earlham College in Richmond, Indiana, USA. She is studying the development of voluntary movements in Russia at the Institute of Comparative Politics of the Russian Academy of Sciences.

pleasures of sharing daily life with friends, family, and community.

What causes such strange behavior? At some time, the workaholic was taught that she or he was a bad or inadequate person. The addict is terrified by the possibility of failure because he or she is convinced that self-worth can only be acquired through accomplishment. Workaholics work incessantly in order to mask the fear that they do not deserve love and to mask the spiritual poverty that haunts them. In place of simple, unattainable satisfactions (e.g., a sense of self-respect) the addict craves tangible symbols of success and power like awards, money, sexual liaisons, and even sycophants. Meanwhile family and friends drift away and the vicious cycle of self-hatred and the denial of reality are reinforced.

Ironically, although the workaholic puts in long hours at work, he or she is

not very efficient. Motivated by inner fear, his or her time is consumed by worry rather than fed by creativity. The addict's source of "initiative" is the big lie that his or her career is more important than anything else in the world. The workaholic is abrupt and rude with those who disturb or frustrate his or her cravings for success and power.

Overcoming the addiction to work it is neither possible nor desirable to throw away the need to work as if it were a bottle of vodka. Moreover, workaholics do have many valuable skills and talents. Individuals need to ask themselves, "Why work?" and discover constructive responses based on self-respect and the satisfaction of spiritual needs. Such responses will not encourage the destruction of human relationships for the sake of tangible symbols of success.

"For you and forever"

What answers to the question, "Why work?" are emerging in Russia today? This is a topic for another article in and of itself, but at first glance there are at least two obvious answers: hard currency and sex. The advertisements that have appeared on television, in the newspapers, and in the metro make abundantly clear that the successful business executive does not spend rubles. Cosmopolitan Muscovites demonstrate that only unfashionable country bumpkins (*derevenshchina*) will use the currency of their own country to make honest purchases. The psychological cost of this play for power must include, at some level, the hatred of Russian identity.

The use of sex in advertising is nothing new in the history of the world but it is new in Russia and it is tragic. A recent full page ad in *Izvestia* (April 30, 1992, p. 4) shows a woman bound with a rope sitting on a safe. The caption reads, "For you and forever! With reliable safekeeping, you are making an acquisition!" The double message here is clearly intended. The wealthy businessman will attract the most beautiful woman and can, if need be, hold onto her with physical force. Work creates wealth, wealth is power, power is the threat of violence, and the threat of violence is sexy. This is a disturbing picture. This picture is especially disturbing because the idea that bondage or the threat of violence is alluring should be dead in Russia. This picture is indicative of work ethic based on the thirst for and the fear of power. This ethic encourages dishonesty and the host of demeaning and addictive behaviours described above.

An important challenge in developing a Russian work ethic is to avoid re-packaging humiliation and denial in a new bottle. One key is to believe and to demonstrate that work is one way of meeting spiritual as well as material needs. At the same time, we must be aware that addiction to work destroys personal relationships. We must work in order to live as fully as possible, knowing that free, healthy people are not motivated by symbols and displays of power. Moreover, those who are so compelled will not remain healthy for long.

The feature was written specially for our magazine.



Drawing by Vladimir Nenashev

Your advertising in Russia



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DOSSIER

DECREES, LAWS, RULINGS OF THE RUSSIAN FEDERATION

LAW ON TAXATION OF BANKING PROFITS

Article 1. Taxpayers

1. The following shall pay taxes under this law:

- commercial banks;
- credit institutions licensed by the Russian Federation's Central Bank to carry out and perform certain banking operations;
- the Russian Federation's Foreign Trade Bank;
- the Russian Federation's Savings Bank;
- specialized banks (development banks) that are established following the procedure and on terms specified by appropriate legislative acts of the Russian Federation, to fund individual, goal-oriented republican (Russian Federation's), regional and other programs;
- foreign-invested banks, foreign banks and branches of non-resident banks licensed by the Russian Federation. The RSFSR Central Bank and enterprises, agencies and organizations thereof shall not pay taxes under this law.

Article 2. Objects Of Taxation

1. Under this law, the object of taxation shall be bank profits, including:

- a) computed and received interest on loans;
- b) received payment for credit resources;
- c) commission fees and other charges for L/C payments, operations of collection, transfer and other banking operations;
- d) commission fees and other charges for guarantee operations;
- e) commission fees and other charges for services arising out of correspondent relations and for services

rendered to enterprises, organizations, banks and agencies;

- f) foreign exchange operations;
- g) leasing operations;
- h) factoring operations;
- i) from acquired or rented brokerage seats on exchanges;
- j) customer payments to compensate for postal, telegraph and other banking expenses;
- k) interest and commission fees obtained in the year previous to the accounting year and claimed interest and commission fees that were paid by the bank to the customers in excess of what was necessary in the years previous to the accounting year;

l) payment for services to the population;

m) payment for payment collection services;

n) profits generated from holding shares in other enterprises, agencies and organizations, dividends and interest on shares, bonds and other securities owned by a bank;

o) capital gain on a bank's previously acquired tangible assets (fixed assets, securities, foreign exchange, etc.) and intangible assets, including brokerage seats, which shall be determined as a difference between the book and sale value of these assets. Following the sale or free transfer, to other corporations or physical persons, of fixed assets, equipment, patents, licences and other tangible or intangible assets as acquired by the bank that receives, in connection with this transaction, a tax credit or tax benefits,

the taxable income shall be increased by the value of sold or transferred tangible or intangible assets in an amount not less than their book value as adjusted for inflation, with the inflation index to be determined by the Russian Federation's Supreme Soviet.

2. Foreign exchange profits of a bank shall be liable to taxation together with ruble profits. Foreign exchange profits shall be converted into rubles in accordance with the market exchange rate as established by the Russian Federation's Central Bank, effective on the date of the reception of the revenue.

Article 3. Assessment of Tax Bases

A bank shall compute its tax base by deducting from the amount of revenue as listed in article 2 of this law the following expenses:

a) amounts liable to be paid to the budget as property tax, land tax and specialized taxes to cover expenses on funding construction, renovation, repairs and maintenance of public motor roads;

b) payments to the Russian Federation's Pension Fund, Russian Federation's Compulsory Medical Insurance Fund, Russian Federation's Social Security Fund, and the Russian Federation's State Employment Fund, as well as other mandatory payments;

c) computed and paid interest;

d) paid commission fees for services and correspondent relations within the limits set by the Russian Federation's Central Bank;

e) those connected with the performance of operations with foreign exchange operations;

f) interest and commission fees paid

**MOSCOW
BUSINESS WEEK**

DOSSIER

for the years previous to the accounting year, and the recovery of interest and commission fees collected in excess of necessary amounts from customers in the years previous to the accounting year;

g) addbacks for depreciation for the complete restoration of capital assets computed during the taxation period in accordance with norms approved in due order;

h) depreciation of intangible assets (including the cost of brokerage seats) computed in accordance with the norms calculated by the bank on the basis of their book value and the period of their gainful use, but not longer than the bank's operation period. Provided it is impossible to determine the period of gainful use of intangible assets, their depreciation shall be set at ten years, but not longer than a bank's operation period;

i) expenses arising from the lease of fixed assets in the amount of depreciation deductions for their complete restoration, and in case of intangible assets (including brokerage seats), in the amount of computed depreciation. A foreign-invested bank and a branch of a non-resident bank shall pay addbacks for depreciation for the complete restoration of fixed assets and the computation of the depreciation of intangible assets and the computation of the depreciation of intangible assets in accordance with the norms and the procedure established for Russian enterprises, unless otherwise specified by the Russian Federation's and the former USSR's international treaties, interrepublican agreements of the Russian Federation and the effective legislation;

j) expenses arising in connection with advertising and the payment of consultative, information and auditing services;

k) for the maintenance of buildings, equipment and facilities belonging to the bank, including payment for heating, lighting, guard and firefighting services and repairs. Labour costs are not taken into account;

l) for business travel, representa-

tion expenses within the norms set by the Russian Federation government;

m) operational, office, postal and telegraph expenses, expenses on the carriage and storage of money and values, as well as payment to other banks for settlement and cash services and services of computer centers. The composition of revenues and expenditures that are taken into account in assessing the tax base shall be specified by the Russian Federation government.

Article 4. Tax Benefits

1. The following profits shall be exempt from taxation:

a) interest on loans extended to the Russian Federation government, the Russian Federation's Central Bank and the Russian Federation's Bank for Foreign Trade, or on loans under their guarantees;

b) interest and dividends on state bonds and other state securities, as well as profits generated for work to place state securities.

2. The following amounts shall be deducted from the tax base:

a) payments to the deposit insurance fund at commercial banks, the bankruptcy insurance fund for commercial banks, the fund for the compensation of interest rate differentials to commercial banks, in the amount of 1 percent from quarterly balance profits to each of the above funds;

b) expenses incurred in conformity with locally administered norms for the maintenance of those health services, nursing homes, preschool institutions, children's summer camps, cultural and sports facilities, educational institutions, and housing that are a bank's own assets, and also a bank's expenditures on these, when it contributes to the maintenance of the above facilities. When a bank contributes to their maintenance, its expen-

ditures shall be within the norms approved by local authorities on the territory of which the said facilities and institutions are located;

c) contributions to charities, to ecological and health services, educational and other funds (public associations), public organizations of disabled persons, religious associations registered in due order and cultural, educational, health-care, social security, physical culture and sports enterprises, agencies and organizations in the amount not more than 1 percentage point of taxable income. The said funds, enterprises, organizations and agencies that have received such funds shall submit to the local tax body a report on received amounts and their use at the end of the accounting year. Should the funds be misused, they shall be recovered for the federal budget in due order.

3. A foreign participant in a foreign-invested bank that is entitled by an international RSFSR or former USSR treaty to a complete or partial exemption from payment of taxes on the profits received when the bank distributes its profits shall apply for the reduction or repeal of tax in accordance with the procedure established by the RSFSR Economics and Finance Ministry. Provided an application is made after the repatriation of received profits, it should be made within a calendar year of the date of repatriation. An application made later than this date shall not be considered. A foreign bank or a branch of a non-resident bank that has a right, in accordance with international treaties of the RSFSR or the former USSR, to a complete or partial exemption from tax on profits from sources in the Russian Federation shall realize the right in accordance with the procedure laid down for a foreign participant in a foreign-invested bank.

Article 5. Tax Rates

A rate of 30 percent shall be applied to the tax base as computed by a bank in conformity with articles 2-4 of this law. Provided a bank extends at least 50

**MOSCOW
BUSINESS WEEK**

DOSSIER

percent of total credits to peasant (independent) farms, collective and state farms and other agricultural enterprises and agro-industrial enterprises and those producing and processing agricultural produce, it shall pay a tax of 20 percent. Profits received from holding a share in other banks and enterprises, dividends and interest on shares, bonds and other securities held by the bank shall be taxed at a rate of 18 percent. A foreign bank that receives profits not connected with activities in the Russian Federation via permanent representative offices, including profits from dividends, interest, rent, the use of copyrights and licences and other kinds of payments, the source of which is on the territory of the Russian Federation, shall be taxed at a rate of 18 percent, unless otherwise specified by the RSFSR or the former USSR international treaties. Profits of foreign participants in foreign-invested banks, foreign banks and branches of non-resident banks shall be taxed at a rate of 15 percent when repatriated, unless otherwise specified by RSFSR or the former USSR international treaties.

Article 6. Changing Tax Rates and Composition of Revenues and Expenses for the Calculation of Tax Bases

The composition of revenues and expenditures for the calculation of the tax base, the tax rates and the composition of tax benefits and the procedure of their granting may be clarified by the Russian Federation's Supreme Soviet during the discussion of the budget for the coming fiscal year.

Article 7. Payment of Taxes to the Budget

1. A Bank shall pay taxes to the budget in accordance with the RSFSR law "On the Fundamentals of the Tax System in the Russian Federation" and the budget legislation of the Russian Federation.

2. The amount of taxes on repatriated profits shall be paid in the currency in which the profits are repatriated.

Article 8. Taxation of Profits of Alliances, Associations and Other Unions of Banks

Profits of alliances, associations and other unions of banks that are formed by them for the coordination of their operation, the protection of interests of their members and the implementation of joint programs shall be taxed in accordance with the procedure and on terms provided for by the RSFSR law "On Profit Tax on Enterprises."

Article 9. Procedure of Tax Assessment and Timetables for Payment

1. A payer shall determine the amount of tax himself on the basis of the volume of tax base, taking into account tax benefits to which he is entitled and the established tax rates.

2. During a quarter a payer shall pay advance installments of tax to the budget, which is to be calculated on the basis of the projected profits during the taxation period. Advanced installments of the profit tax shall be made by a payer not later than the 10th and the 25th day of every month in equal contributions of 1/6 of the quarterly amount of the profit tax. Upon request of a payer who submits a small income tax, a local financial authority may permit him one payment to the budget per quarter on the 20th day of every month in the amount of 1/3 of the quarterly amount of tax. Upon expiration of the first quarter, half-year, nine months and year, a payer shall calculate his income tax autonomously from the beginning of the year on the basis of the actually received taxable profit, taking into account available benefits and income tax rate. The tax shall be paid to

the budget on a quarterly basis within five days of the date set for the presentation of quarterly accounting records (balance sheets), and on an annual basis, within ten days of the date set for the presentation of the annual accounting record (balance sheet).

A payer shall submit the payment order for the payment of tax to the budget to a banking institution before the date of payment. Should a larger than required profit tax be paid, the surplus amount shall be credited toward the next payment or refunded by the tax authority to the payer within ten days of the date of receipt of the payer's statement in writing.

3. A tax payer shall submit to the local tax body his financial statement (balance sheet) following the procedure and meeting the timetable established by law, and the calculation of the tax amount in accordance with the forms approved by the RSFSR State Customs Service.

4. In case of termination of its operation, a bank shall repay its debt to the budget following the procedure established by law.

Article 10. Elimination of Double Taxation

1. The profits received beyond the borders of the Russian Federation shall be included in the total of the profits liable for taxation in the Russian Federation and shall be accounted for in the assessment of taxes.

2. The tax paid beyond the territory of the Russian Federation under the law of another state on the profit received on the territory of that state shall be credited toward the payment of profit tax in the Russian Federation. The size of the credited amount cannot exceed the tax paid in the Russian Federation on profits received beyond its borders.

3. The rules removing double taxation as provided by this article of the law shall not cover foreign corporations that receive profits in connection with their activities in the Russian Federation.

**MOSCOW
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Article 11. Special Provisions

1. Provided an international treaty of the Russian Federation or the former USSR sets rules other than those specified in this law, the provisions of the international treaty shall prevail.

2. The collection of taxes from foreign banks can be restricted or terminated on a reciprocal basis when a corresponding country undertakes similar measures as regards Russian corporations paying by the same or similar laws, which shall be confirmed by the tax authority of this country.

3. When a bank concludes a commercial transaction with a foreign company, it cannot undertake any obligations for the compensation for expenses of these companies in payment of taxes on profits received from such transactions.

President of the Russian Federation
Boris Yeltsin
Moscow, House of Soviets of Russia
December 12, 1991

WHICH BANK IS MORE RELIABLE?

Experts from the Russian Stock Exchange have analyzed the statements of financial position published by 25 commercial banks in a number of economic newspapers at the end of April. Against a background of generally declining activity in the Russian securities market, commercial banks have succeeded in retaining the interest of investors in their stocks. In any case, those commercial banks which decided to publish their balance sheets appear to be more trustworthy than those which failed to do so.

By the end of April, statements of financial position had been made available by the following banks: INCOMBANK, UNICOMBANK, NEFTEKHIMBANK, TOKOBANK, Middle Volga Commercial Bank, All-Russian Exchange Bank, FINIST BANK, YEVRIZIYA, NGS-BANK, STANKINBANK, Delovaya Rossiya, Kubanbank, Businessbank, Moscow International Bank, Russian National Bank, PERMCOMBANK, Russian Commercial Joint Stock Bank, Industriya-Service, Razvitie, MEZHKOMBANK, TOVNARBANK, Kurskbank, Mashbank, AKROMbank, Stroynovatsiya.

The data disclosed in the balance sheets were used by independent experts to compute five ratios reflecting the bank's reliability, profitability, priorities and asset structures:

K1 - income/assets - a ratio of income to total assets, which is one of the most widely used indicators of profitability in the world (otherwise known as return on assets)

K2 - income/authorized capital - a ratio reflecting the profitability of ownership capital

K3 - equity capital/loaned capital - a key indicator of the bank's reliability

K4 - loans granted + allocations to reserve funds/loaned capital - a ratio reflecting the management's priorities in using loaned capital

K5 - inter-bank loans/loaned capital - a ratio reflecting the management's priorities in attracting resources

Name of bank	Author'd capital, '000 rubls	K1, %	K2, %	K3, %	K4, %	K5, %
INCOMBANK	484,192	2.4	43.3	11.4	86.5	23.8
UNICOMBANK	474,600	3.70	85.99	10.38	96.97	4.5
NEFTEKHIMBANK*	449,541	5.2	16.4	72.4	13.1	48.0
TOKOBANK	449,500	2.21	23.25	13.30	74.30	56.07
Middle Volga Commercial Bank	370,059	1.80	22.19	12.34	91.67	60.5
All-Russian Exchange Bank	365,192	2.5	8.2	49.6	48.8	-
FINIST BANK	330,000	2.3	27.8	13.5	-	34.2
YEVRIZIYA	251,791	3.3	41.7	13.8	70.2	33.4
NGS-BANK	194,300	2.39	45.08	10.13	82.06	28.36
STANKINBANK	175,700	3.99	26.86	24.05	72.03	27.23
Delovaya Rossiya	150,000	-	-	16.62	-	51.34
Kubanbank	130,000	2.6	80.7	7.3	-	-
Businessbank	120,000	4.39	86.58	10.63	101.5	14.71
Moscow International Bank*	110,000	-	-	-	97.12	-
Russian National Bank	88,802	3.10	57.61	11.16	87.01	3.71
PERMCOMBANK	87,562	1.59	40.67	6.44	-	20.13
Russian Commercial Joint Stock Bank	65,130	4.04	64.69	13.33	90.66	70.32
Industriya-Service	63,707	3.84	86.97	11.46	85.15	42.48
Razvitie	9,596	0.22	1.25	22.68	95.91	36.72
MEZHKOMBANK*	47,549	6.8	80.9	20.1	80.0	28.0
TOVNARBANK	45,030	2.44	39.53	10.88	69.70	-
Kurskbank	43,650	2.86	37.98	12.05	-	35.58
Mashbank	42,425	3.4	23.7	27.1	91.2	21.8
AKROMbank	33,273	1.55	13.48	15.00	110.00	90.38
Stroynovatsiya	13,023	-	-	-	70.0	39.5

*These banks conducted some of their operations in hard currency. Related balance sheet figures were converted into rubles at the commercial exchange rate which was R 1.6713 to the dollar as of January 31, 1991.

Dashes in some columns mean that balance sheets did not disclose enough information to compute the appropriate ratios. Comparative analysis of the figures in the table makes it possible to evaluate many aspects of the banks' performance. The following conclusions were made by the experts.

From the investor's viewpoint, the most important aspects of banks that are or will become open joint stock companies are profitability and reliability. He will therefore be best advised to invest in the following banks:

Businessbank
Industriya-Service
UNICOMBANK
Russian Commercial Joint Stock Bank
Russian National Bank

From the customer's viewpoint, the most important characteristics are reliability ratios, as well as the size of the authorized capital, which reflects the scale of the bank's activities and therefore its strength. Hence the following list of the most reliable, and at the same time powerful banks:

NEFTEKHIMBANK
STANKINBANK
TOKOBANK
INCOMBANK
Delovaya Rossiya
UNICOMBANK

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Respect rubles and those who bring them,

urges Jeffrey Zeiger, General Director of the Russian-US joint venture Restaurants Trenton-Moscow.

The Russian-US joint venture Restaurants Trenton-Moscow was registered in 1989. Shortly after, it opened a restaurant, Tren-Mos, on Moscow's Komsomolsky Avenue. It rapidly gained popularity among Muscovites. Another eatery, the Tren Mos Bistro, was opened two-and-a-half years later on Moscow's bustling Ostozhenka Street.



The JV's general director, Jeffrey Zeiger, is youthful and optimistic. He sees his restaurant as attractive to a varied clientele from different countries who appreciate the restaurant's exquisite cuisine, ambience and friendly service. Among the restaurant's patrons are the ambassadors of Japan and Germany. Tren-Mos manages to please everyone. Even a jaded palate would be tickled by, for example, the Mignardises of Veal Bistro — small pieces of veal with mushrooms and cheese, fried in port wine and served with spinach. This is only one of the many mouth-watering dishes on the menu. The JV's international cuisine

is far superior to that found in your average bistro, while the main idea of a bistro (some claim the word is derived from Russian, in which bistro means "quickly"), quick and efficient service, remains its modus operandi.

Jeffrey has been employed in restaurants since he was 12. He has worked as a dishwasher, waiter, and chef's assistant. With the advent of Russian *perestroika*, he decided to take a risk and open his own business in Moscow. The catering business is in a decline in America, he claims. Decline or no decline, Moscow is not without its own problems: apart from the high taxes, obtaining quality produce is no easy matter. But Jeffrey's perseverance and expertise are paying off. Set a goal and pursue it, he urges, and your vision will be realized. Don't be afraid to take risks or lose. Make what you do the business of your lifetime. To fulfill his own brand of the American dream, Jeffrey teamed up with a Russian partner, Sergei Goryachev, and chef Bernard — the world's best, Jeffrey claims. Bernard also preferred Moscow to New York. The two Trenton restaurants employ a combined staff of 175. Adhering to stringent western service standards, they seek to uphold the image of their restaurants, which now have many competitors in Moscow. Jeffrey Zeiger believes the future of his business is secured. Respect rubles and those who bring them here, he advises, and dollar profits won't keep you waiting.

Mercedes in Russia



A plant in the town of Golitsino (Moscow Region) has launched production of long-distance motor coaches, the Mercedes-03-03.

The plant is controlled by the holding company Avtrocon, which has stakes in 13 Russian passenger vehicle producers and the commercial Avtroconbank, with an authorized capital of 110 million rubles.

The plant has assembled its first batch of eight buses. By 1995, the

plant will produce up to 2,500 buses a year, and 90% of all components will be supplied by Russian enterprises. For the time being, however, all necessary inputs are supplied by Mercedes itself. The German concern has given the Golitsino plant the right to put its registered product name on the buses and will help with exports to third countries via its dealer networks.

German banks have provided DM 375 million in credit to finance the project.



Our objective is to promote Russian cinema abroad,

says Grigory Amnuel, Director General of EUROASK.

"If you look at the itineraries of our representatives in France, Italy, Finland and other European countries, you will wonder whether it's by chance that they most often bypass the capitals of these countries. Not at all. Public opinion polls indicate that, whereas Parisians and Romans know much about Russia, many provincials are almost unaware that such a country exists. It is for this reason that we are trying — not without success — to bring Russian cinema to the European provinces. Just one example: we showed the residents of the small French town of Valbonnet a programme of films that are very popular in Russia: *Ivan's Childhood*, *I Am Walking Along Moscow Streets*, *Fountain*, and *Little Vera*. There was great interest."

This is a monologue of Grigory Amnuel, film director and script writer, now the Director General of the European Association of Joint Cinematographic Initiatives (EUROASK). The association was set up in Moscow in January 1991 during a film festival entitled "Chef-d'Oeuvres of European Cinema Unknown in the USSR." Some 100 films were shown during the festival, including such masterpieces as *Il Portiere della Notte* and *Daytime Beauty*, both previously unknown to the average Soviet cinema-goer.

"EUROASK, originally a part of the Soviet-American Cinematographic Initiative, now focuses increasingly on Europe and the Euro-

pean film market," Mr Amnuel noted. "However, we do not confine ourselves to promoting Soviet and Russian cinema in the US and Europe. Another key objective is to disseminate knowledge about hitherto unknown cinema directors and actors among the public in Russia and the rest of the Commonwealth.

"For example, a festival of masterpieces of Italian cinema, which we organized last year, met with great success both in terms of public interest and box-office receipts. Therefore, we did not have to go to that much expense to hold that festival, which included more than 40 films and enabled thousands of Russian citizens to get to know and become fond of Italian cinema. The principle of self-financing is central to our activities."

Mr Amnuel's joint efforts with the director, Vladimir Aleynikov, resulted in the documentary film *Awakening*, a moving account of the coup attempt in Russia in August 1991, which had been widely shown in many countries. He is currently working on a film about Galina Vishnevskaya, a former Bolshoi Theater singer forced to emigrate together with her husband, the renowned musician Rostislav Rostropovich, after they had given refuge to the persecuted writer Alexander Solzhenitsyn in their country house near Moscow. The new film — *Restricted Access* — describes the singer's long and glamorous career and her life in Russia and abroad. However, the bulk of Mr Amnuel's time is devoted to EUROASK.

"We have many plans," he states. "I'm going to Greece within the next few months, where we plan to shoot a film about a festival of classical music. I've just finished a film script on a rather unusual topic: the life of Spaniards who, as children, were brought to the Soviet Union after the civil war in Spain in the late thirties. They grew up and received their education in this country. After Franco's regime collapsed, many of them returned to Spain. I feel especially tied to their problems, as my own father was a Spaniard."

opened a shop in St.Petersburg to help this one-and-a-half-year-old joint venture to assume a leadership position in the computer peripherals market in northwestern Russia.

Despite a multitude of proposals, the high-tech electronics market is far from saturated — and it is likely to remain that way for at least several years, said UniRAM's Technical Director Andrei Rogalev.

Last year, UniRAM's volume of sales was US\$845,000, just a stone's throw away from the US\$1 million mark which, when crossed, will entitle the JV to a bigger discount from Hewlett-Packard. Soon UniRAM will sign a new dealership agreement with the U.S. company to anchor a preferential trade discount for the Russian partner.

In hopes of attracting customers, UniRAM has signed an agreement with the Swiss company Fairbanks, a leader in the restoration of copier cartridges, to use its technologies.



Welcome
to
computerland

"From Business to Business, from Man to Man" is a motto of the company



The US corporation Computerland opened its showroom, engineering and consulting centre on Kutuzovsky Avenue, Moscow. Founded in 1976, the corporation serves as an example of rapid and assured business expan-

sion fuelled by thorough knowledge of the computer market, a high-quality product, and a wide spectrum of services rendered.

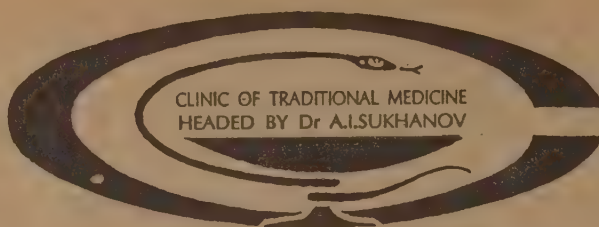
It is by no means accidental that today Computerland counts 770 branches in 44 countries of the world. Much work was done in preparation for the start-up of operations, and since its very first day in business, it has offered goods and services of the highest standard. The centre carries a broad array of computer equipment from such well-known companies as IBM, Apple, and Hewlett-Packard, along with the products of MBL International, which were developed with the supply and demand situation of the CIS countries in mind. Both peripherals and components are offered. The company's principle is to take an individualized approach. At the demonstration centre, equipped cabins for conducting negotiations are provided. The Computerland catalogue lists around 70,000 products, and one will receive expert assistance to choose which specific wares will best meet one's needs and budget. Every effort is made to satisfy the customer.

As contracts are drawn up, several different versions are thrashed out, and the company always provides guarantees for services. The company is faring well. Over a period of less than a month of operations in this country, the company reported US\$1.5 million in sales and received orders for products totalling US\$6 million. And the company can do far better than that. Since the launching of Russia's market reforms, it has been selling in ever-increasing quantities. Today enterprises, banks, exchanges, and small businesses — all seeking to keep up with the times — demand reliable, state-of-the-art computers as a key to better operation. Computerland's customers know what the company will deliver. The image-conscious corporation's motto is "From Business to Business, from Man to Man." A fitting slogan for a company that knows that a combination of advanced computer systems, an emphasis on high ethics, and concern for customer satisfaction equal a respected business presence and prosperity.



Step
by
step

The Russian-Swiss JV UniRAM, an official dealer of Hewlett-Packard, has



I cure

people of bronchial asthma, acute and chronic radiculitis, stomach ulcers, duodenal ulcers and hypertension without drugs, chemical preparations, or hormones. I have opened a clinic in St. Petersburg and am prepared to build a medical and rehabilitation centre for the treatment of these diseases in any country which will provide the necessary conditions for this purpose. I have worked in Italy and speak Italian, and so would accept a proposal from Italy with pleasure at any time.

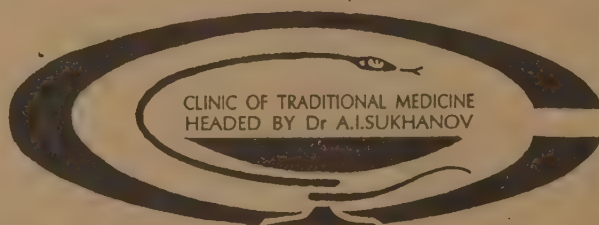
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Two death sentences

We sent an invitation to Nikolai Khokhlov in January, when the sentence passed by the military collegium of the Supreme Court of the USSR on July 5, 1954, remained in force. It was capital punishment for high treason, and we had little hope that Khokhlov would be granted a visa to Russia. Even if a visa were issued no one would advise Nikolai Khokhlov, 69-year-old professor of the University of California, to cross the border.

"There can be no talk of execution, the more so that Khokhlov is a US citizen," I was told at the investigation department of Russia's security ministry in the Lefortovo prison. "However, we must question him right away, and until the judicial bodies examine the matter thoroughly Khokhlov will be unable to leave Russia."

The prospect of being interrogated in the Lefortovo prison did not attract Khokhlov. His friends and relatives feared, and still fear today, that "ordinary avengers" from the state security service, if not its high officials, would take revenge on him. But after an energetic correspondence between Khokhlov, *New Times* and the investigator, which sometimes went beyond diplomatic bounds, the ministry of security took a praiseworthy step. It solicited to grant a pardon to Khokhlov.

On March 27 Boris Yeltsin signed an appropriate decree, and the question of full rehabilitation is to be decided in the next few months. But Nikolai Khokhlov did not wait for the day when he would be fully exonerated. On May 14 I met him at Sheremetyevo Airport. A wild idea struck us as we were walking in the Lubyanka Square next day — to take a picture in his former office in the former KGB building. Without preliminary inquiries we met with Alexander Gurov and Alexander Kondaurov, deputy chiefs of the security ministry's public relations centre. We argued about duty and oath of allegiance. Kondaurov admitted that several years ago he "would have talked with Khokhlov in a different manner." Khokhlov retorted that several years ago he would not talk with Kondaurov at all.

Nikolai Khokhlov was shown even the office of the former state security heads, from Beria to Andropov. During the visit to the ministry of security he often cast looks into the inner yard, at the windows of the Lubyanka prison, where he could have been incarcerated many years ago.

Chosen by NKVD

In the spring of 1941 Nikolai Khokhlov, a member of the Young Communist League, finished the Moscow studio of variety art and began to take part in concerts in different cities of the Soviet Union. His specialty was artistic whistling. Khokhlov was not called up when a war broke out because he was too young. However, he was admitted to an anti-aircraft battalion of the Oktyabrsky district in Mos-



Former state security Captain Nikolai Khokhlov, right, shakes hands with Popular Labour Union leader Georgy Okolovich, the man he had been ordered to kill

State security
Captain Nikolai
Khokhlov was
ordered to kill
a Russian
emigrant in
Germany.
He failed to
carry out the
order and was
himself
sentenced
to death.
Recently Nikolai
Khokhlov was
a guest of
New Times

cow. After several weeks of watch on the roofs of buildings a film studio asked the command to let Khokhlov go to Ulyanovsk for a month to take part in the shooting of the film, "How the Steel was Tempered." But in September he was urgently called back to Moscow. Khokhlov thought that he would be dispatched to the front. It turned out, however, that the NKVD took an interest in him.

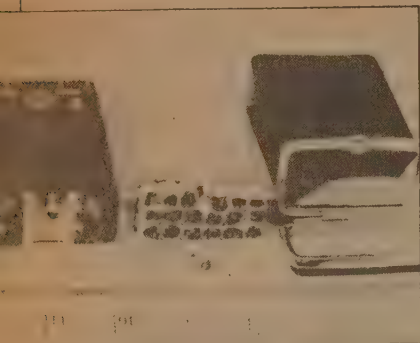
The fourth (partisan) directorate of the NKVD headed by Pavel Sudoplatov was preparing groups of subversive agents to be left in Moscow should it be captured by German troops. NKVD officials turned their attention to Khokhlov, who knew German, and three other variety actors.

Retired General Pavel Sudoplatov, 85, masterminded the assassination of Trotsky in 1940. He seldom agrees to give an interview. However, he spoke willingly about Khokhlov. "I had a good opinion of him while he worked with me," he said.

"The audience always listened to variety actor Khokhlov with great interest," Sudoplatov went on. "We wanted to form a group of four actors to carry out an operation against German officers. At a concert a girl juggler was to throw a grenade masked as a log into the hall."

"German POW"

German troops were repelled from Moscow, and the NKVD began to prepare Nikolai Khokhlov to be smuggled into the enemy rear.



A silenced pistol masked as a cigarette-case: poisoned bullets beneath cigarette ends

In the summer of 1942 the fourth (partisan) directorate was ordered to infiltrate four men in German uniform through the front line. Three of those chosen by Sudoplatov and his deputy Eitingon (who prepared Ramon Mercader for killing Trotsky) were real Germans — Communists who had run away from Hitler. Khokhlov was the fourth. Eitingon checked his ability to appear as a German officer by placing him for a month in a German POW camp under the name of Walter Latte. Only the camp commandant knew about this secret. Khokhlov was not unmasked. Moreover, local NKVD men tried to recruit him.

In August 1943 the group was parachuted not far from Minsk. Only there did Khokhlov learn about the task set by Sudoplatov. The group was to kill Wilhelm Kube, the gauleiter of Byelorussia.

Khokhlov and his mate Karl, both in German uniform, penetrated into occupied Minsk. Kube was killed in a bomb explosion. The housemaid, fulfilling Khokhlov's order, had secretly laid the bomb in the gauleiter's bed. The newspaper *Pravda* published a triumphant article entitled "The End of Willy." Khokhlov was decorated with an order in the Kremlin.

At the end of the war Sudoplatov sent Khokhlov to Romania under the guise of a Polish businessman. "Romania is an excellent school for a secret service man," the general said. "You should regard it as a stepping stone."

Khokhlov opened a small shop and even got his fictitious marriage registered. The marriage helped him acquire Romanian citizenship in 1947. But in September 1949 Khokhlov asked Sudoplatov to recall him to Moscow and, in general, free him from work in the intelligence service. The war was over, he argued, he had carried out his duty and wanted to continue his education.

Bureau No. 1

It seemed that Sudoplatov had honoured the request, Khokhlov recalls. In 1950 he joined the department of philology at Moscow University. However, he received his grant from the ministry of state security.

In 1951 Khokhlov married a charming Byelorussian girl, Janina, his classmate.

It was not easy to explain to her where he worked, even if formally at that time. His work in the security bodies depressed Khokhlov himself and became a problem in relations with the woman he loved. Janina claimed it was not an occupation for honest people. Khokhlov decided to leave the service.

But it was not an opportune time for that. The fourth directorate was transformed into Bureau No. 1. Sudoplatov was charged with the task of "organizing combat activity to weaken the military network of the US command in Europe". This meant subversive activity, acts of sabotage. Bureau No. 1 set about creating its own spy networks in the West.

In 1951 Khokhlov was sent to Austria under the name of Hofbauer, an Austrian businessman. An incident at the custom-house owing to an incorrectly registered purchase seemed to put an end to his career, or so Khokhlov hoped.

But in 1952 Sudoplatov decided to send Khokhlov to Paris. "The agent with whom you'll become acquainted has a close personal friend, also a Russian emigrant. Learn everything possible about him, his way of life and habits." Then, after a pause, Sudoplatov added: "This 'friend' is a big nuisance to us. We must get rid of him." This was to be done by Khokhlov with the help of a Parker pen turned into a pistol. With the help of a second "pen" he had to get rid of the second agent.

Khokhlov asked Sudoplatov to give him a night for meditation — a more than strange request for the ministry of state security of the time. Finally, he refused. With the despair of a man driven into a corner, he tried to explain his refusal to Sudoplatov: "A man whose arms and legs are trembling cannot be charged with such an assignment."

It was almost a revolt. But two months later Sudoplatov sent Khokhlov to work in the office of the state security ministry representative in Germany. It was a "paper exile." Khokhlov read numerous reports and archival documents. He sorted through candidates to be infiltrated into the West for terrorist purposes.

True, Pavel Sudoplatov flatly denied that such an episode took place. "Khokhlov has never been a terrorist. He cannot be compared with such men as Nikolai Kuznetsov (a famous Soviet intelligence officer during the war). I had vast plans with regard to Khokhlov, but of a peaceful character. He was a rather attractive young man, and we wanted to play on it. I wanted Khokhlov to pave the way for me to certain circles. He was to become intimate with a Paris opera singer, a half-Russian. But I will not reveal her name. It's ruled out."

"Dead or alive"

Sudoplatov wanted Khokhlov to become a resident agent again, settle him with his family in Switzerland (by that time Khokhlov had a son). But this intention was,

thwarted by the unmasking of an agent who saw Khokhlov in Berlin.

Shortly afterwards the ministry of state security merged with the ministry of internal affairs. Bureau No. 1 was amalgamated, made subordinate directly to Beria, and renamed the ninth directorate of the ministry of internal affairs of the USSR. In May 1953 Khokhlov learned that Beria had ordered the directorate to kidnap two leaders of some emigrant organization in the West. But soon Beria was arrested, and Sudoplatov was arrested too, but his directorate was not dissolved. His post was taken over by Lev Studnikov, who immediately asked Khokhlov to draw up a list of "most reliable terrorists" from among Germans whose service records he checked in Berlin.

Some time later Studnikov and Saul Okun, who directed the spy network of Bureau No. 1 and now the ninth directorate in Austria, introduced Khokhlov to Gribanov, deputy chief of the first directorate. Gribanov set forth the task: to bring to Moscow, alive or dead, "a man" from the western occupation zone of Germany. The task was to be carried out by German Communists Felix (the real name is Hans Kukowitsch) and Franz (Kurt Weber), who had been recruited by the state security service. Khokhlov was appointed head of this small group.

Khokhlov was given the dossier on Georgy Okolovich, leader of the Popular Labour Union. It followed from the records that the NKVD had been hunting for him since the late thirties. The agents infiltrated into the Union's headquarters in Frankfurt on the Main made known the address and telephone of Okolovich and the license plate number of his car.

Khokhlov alleges that he could not refuse to fulfil the assignment. "You know what security chiefs would have done to me and, most important, to my family if I had refused to take part in the murder for the second time. When I worked in Berlin my colleagues in recruiting agents for similar operations always supposed that agents would inevitably reveal something to their wives. That is why the families of agents living in the enemy territory were always kept under surveillance. In case of betrayal by an agent his family were used as hostages and repressions were taken against them. And, also, I wouldn't stop the assassination of Okolovich by my refusal."

Nikolai and his wife Janina were looking for a way out. She said she would not have a murderer as her husband and the father of her child. Janina agreed that the only option for Nikolai was to visit Okolovich and make a clean breast of it. Afterwards they would think together how to avoid fulfilling the security chiefs' assignment.

Operation Rhine on the Main

In the meantime, agents Franz and Felix were brought to the interior ministry's country house at Novogorsk. Preparations

for the operation began. The agents had practical lessons in shooting and jujutsu. The state security laboratory at Kuchino, near Moscow, devised a noiseless weapon -- a pistol concealed in a cigarette-case. The bullet contained potassium cyanide.

Khokhlov and two Germans rehearsed variants of Okolovich's assassination. Alexander Panyushkin, Soviet ambassador to Washington between 1947 and 1952 and then head of the second directorate, took charge of the operation. (The first and second directorates seemed to compete for the right to be Okolovich's killers.) Perhaps Panyushkin or somebody else from among the chiefs called it Operation Rhine. In any case he evidently knew geography poorly, for the assassination was to be carried out in a city on the Main.

Khokhlov recalls that Kruglov, minister of internal affairs at the time, reported on the Operation Rhine to the party's central committee, and it was approved. At that time Khrushchev supervised the activity of the state security bodies. Does it mean that, as Khokhlov asserts, he also approved the operation?

A sum of 52,000 dollars was allocated to Khokhlov and, with the help of Saul Okun, the group was smuggled into Germany through Austria. I found Saul Okun, now 77, sound in life and limb. He left the security service in 1955 in the rank of lieutenant colonel, and today he is first deputy director of the Prague Restaurant. His name was like a pass through the wall of doorkeepers at the entrance.

Saul Lvovich was surprised to learn that I was not at all interested in restaurant affairs. He recalled past events easily. A man who worked with Nikolai Kuznetsov during the war, he believes that the Operation Rhine was "a revenge on the Popular Labour Union for its deeds in the German occupied territory."

"From the technical point of view it was a unique operation. I am not talking about its moral aspect, however," Okun said. "Were it not for Khokhlov..."

Saul Lvovich told me that he wrote two reports critical of Khokhlov. "A man with an unstable temperament, he was not a suitable candidate. His wife played her part, of course. It was established that at home they read the tea-leaves and held spiritualist seances."

Intrigued, I phoned Khokhlov. Did the spirits of the ancestors prompt him "thou shall not kill"? The question amused Khokhlov.

"When I was in Romania I learned about the passion for parapsychology, mysticism. I mentioned it in a report to Eitingon. The latter became terribly interested in this phenomenon. He advised me to study it. Later, in Moscow, some expert from the security service suggested that we conduct joint research. As for reading the tea-leaves, we did it for fun."

He chose Americans

On February 18, 1954, Nikolai Khokhlov visited Georgy Okolovich in his flat. The

Popular Labour Union leader believed the state security captain (Khokhlov was promoted to the rank of captain right before departure so that he could be given the rank of major after the fulfilment of the assignment). Khokhlov asked for his advice and help: how to conceal from Moscow the true reasons for the failure of the operation and how to protect his family.

Okolovich said right away that Khokhlov was deceiving himself if he thought that he could return home and settle everything in Moscow. At first, Khokhlov did not even want to hear about taking refuge in the West.

Okolovich, Khokhlov recalls, offered the help of foreigners with whom he could "consult without making any commitments." From among the British, French and Americans Khokhlov chose the latter. However, at a meeting with Americans he was detained and brought to a secret flat, though later he was let go. Conversations with Americans became tougher with every day. Khokhlov was under constant surveillance. They wanted to get from him detailed information about those he worked for.

Khokhlov was then taken to Camp King, a camp for those the American military intelligence was interested in. At first, Americans did not believe Khokhlov. Their doubts were dispelled after he brought them to a meeting with Franz and Felix and explained how to find the arms prepared for the killing in a check-room.

On April 14 he was visited by representatives of the Popular Labour Union, agents of the British intelligence service, and several American officers. They told him that Dr. Alexander Trushnovich, a PLU member and chairman of the Russian refugee aid committee, had been kidnapped the day before and taken out into the Soviet occupation zone.

Americans asked Okolovich to strike back, appear before journalists and tell them everything about the operation against Okolovich. The following plan was devised. A press conference with a subject kept secret till the very last minute will be convened in Bonn. When Khokhlov takes the floor The Voice of America will begin to broadcast his previously recorded appeal to the USSR. In it he will immediately mention his home address. The journalists, warned beforehand, will rush to the Khokhlovs' flat from the US embassy in Moscow (Janina usually fed the son at this hour and had to be at home) and take the family to the US embassy.

A press-conference was held. However, no one went to the Khokhlov family in Moscow. Khokhlov was told that embassy officials evidently flinched at the very last moment. He came to hate the CIA and everything connected with it then.

On May 6 a US Air Force plane

delivered Khokhlov, now Mr Vogel, to London as a man invited by the US Attorney-General and then he was taken into the United States bypassing the customs.

Soon he learned that his wife and son had disappeared. Khokhlov applied to President Eisenhower and the Pope for aid. But Moscow ignored their requests to allow the Khokhlov family to reunite.

Only 45 years later an acquaintance of Khokhlov's found his relatives in Moscow and phoned them. The son, who made a brilliant scientific career, did not know about the 1954 affairs and thought that his father had died when he was a child. The wife, who spent five months in the Lubyanka prison and five years in exile in Central Asia, made a signed statement that she would keep silent about the affair and deems it right to do so even today.

Janina did not know that her portrait, published on the first page of Khokhlov's book *In the Name of Conscience*, became a symbol and could be seen in the homes of many Russian emigrants. The book appeared in the West in 1958 and was translated into several languages. At present, it is being prepared for publication by the Avtor (Author) Publishers in Moscow.

He was not a CIA agent

"I did not ask for political asylum," Khokhlov still says angrily. "I told



Khokhlov in 1957, after an illness which, in the opinion of doctors, was caused by poisoning with radioactive thallium

Americans several times: I wouldn't have been here if I hadn't been sent to kill."

Khokhlov was kept under guard ("for your own safety, Nick") at a villa in Maryland, where he spent the whole summer of 1954. Then he was taken to a CIA-owned house in Washington, not far from the White House. He stayed on the second floor and on the first floor was the guard. But Khokhlov found a hole and would slip out through it at night to study the city.

Khokhlov was questioned by the CIA. Americans naturally wanted to know key names in the spy network.

"I recently explained to an investigator from the Russian ministry of security that Okolovich as well as American, British and German representatives who worked to neutralize Operation Rhine had been given the names of agents involved in the planned assassination." Khokhlov spoke harshly, for it was a painful subject for him. "Not a single person was convicted. The Germans chosen for the role of killers were detained for some time and released after a trial. They were driven out into the eastern sector in a car of the Soviet ministry of state security. I did not reveal the name of any other member of the state security service, and I have never been an agent of a foreign service."

The guards were sincerely amazed to see that Khokhlov did not enjoy himself in the United States. They explained his sharpness by "sexual tension" and once took Nick "visiting." But he refused the services of a charming lady.

Khokhlov was invited to a meeting of the

Senate committee for intelligence. He was not trusted again. But Khokhlov got tired of trying to make others believe what he said, and banged the door in the literal sense of the word. The Senator who ran out after him said this gesture had convinced everyone: Khokhlov was not a Soviet spy, but he did not want to work for the US intelligence either. Later, the same Senator helped Khokhlov to acquire US citizenship.

"CIA men hinted that I had to earn citizenship, but I managed without them. Then I began to receive money for my articles. One newspaper paid me 15,000 dollars, and I gave Americans back the money I accepted from them for my needs. For every time I signed a receipt."

Having felt some independence, Khokhlov made an ultimatum: either the CIA sets him free or he complains to the Secretary of State that he was kidnapped by the CIA in Germany. Khokhlov was released.

He went to New York, rented a flat, and began to look for a job. His political forecast in the *US News and World Report* proved correct, and after that his articles were published regularly. Khokhlov was also invited on TV. He wrote a book. However, he decided to finish and publish it in Europe. Khokhlov remembered well how American newspapers did not allow him to describe the US embassy's unseemly role in his case.

In 1957, in Frankfurt, Khokhlov was poisoned. At first, doctors thought he had acute gastritis. But then they watched with horror how his hair fell out and his body became covered with sores.

"Experts concluded that it was radiation sickness caused by radioactive thallium added to coffee," Khokhlov recalls. It took great effort to save him, already in an American military hospital. Later, Khokhlov joked in a TV interview that most likely it was done by the Soviet state security service, not the CIA.

"Enemies of the nation" in the State Department

Early in 1958 Khokhlov was found by his acquaintance, a Chinese who lived in Taiwan and was personal secretary of the Archbishop of Taipeh. He handed to him an invitation from South Vietnam President Ngo Dinh Diem to visit Saigon "with a series of lectures."

Khokhlov was brought from the Saigon airport right to the presidential palace. Ngo Dinh Diem told him that lectures were merely a pretext, that he was worried over the increased operations of subversive groups from the North, and wanted to hear the advice of an expert independent of the CIA.

Ngo Dinh Diem learned about Khokhlov from the archbishop's secretary and asked the CIA to characterize him. "An absolute anti-communist who can be trusted," the CIA

replied. "However, it is impossible to work with Khokhlov, and we did not manage to control him."

Having studied the situation, Khokhlov drew up the Binh Minh (Aurora) plan, which envisaged the use of methods employed during the war against Nazi Germany, namely, the guerrilla movement and subversive groups — a blow from the South for each blow from the North.

Ngo Dinh Diem approved the plan. Khokhlov selected 50 officers and set about training them. A desolate airfield from which agents could be flown to the North was found in Taiwan. However, Americans learned about the plan. "At that time they thought that the North should not be ruffled," Khokhlov recalls, "that in case of aggression by Communists the United States would crush them as insects at one stroke. This was precisely what a State Department official told me at a meeting in Washington."

Khokhlov replied that the official was "a real enemy of the nation" who opened the way for Communists, and cut the conversation short. In 1961 he left Saigon.

"As a result of all intrigues of the US intelligence service Ngo Dinh Diem was killed and his brother, who hated the CIA, was killed too. Later, the events developed in the way I had predicted. The South was captured by the North."

Bored with politics

Khokhlov did not want to return to the United States. Having received in Germany a provisional passport of an immigrant, he consulted factory managers in the field of personnel psychology over a couple of years. Unexpectedly, his passion for psychology so much encouraged by Sudoplatov's deputy Eitingon stood him in good stead.

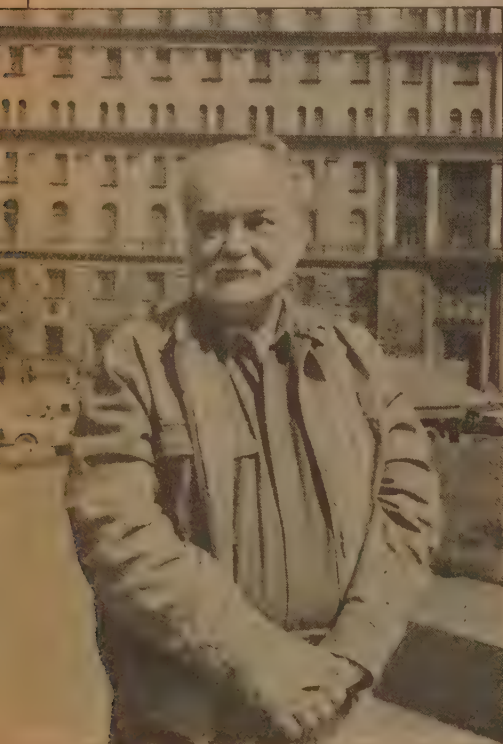
In 1963 Khokhlov went to South Korea, where he taught and, at the Popular Labour Union's request, prepared broadcasts to be heard in the USSR. In the same year he married again (Khokhlov has two daughters in the United States, and his son died recently).

"In Korea I again saw the same thing as in Vietnam: the aggressiveness of the North and CIA intrigues. I felt that I was bored with politics."

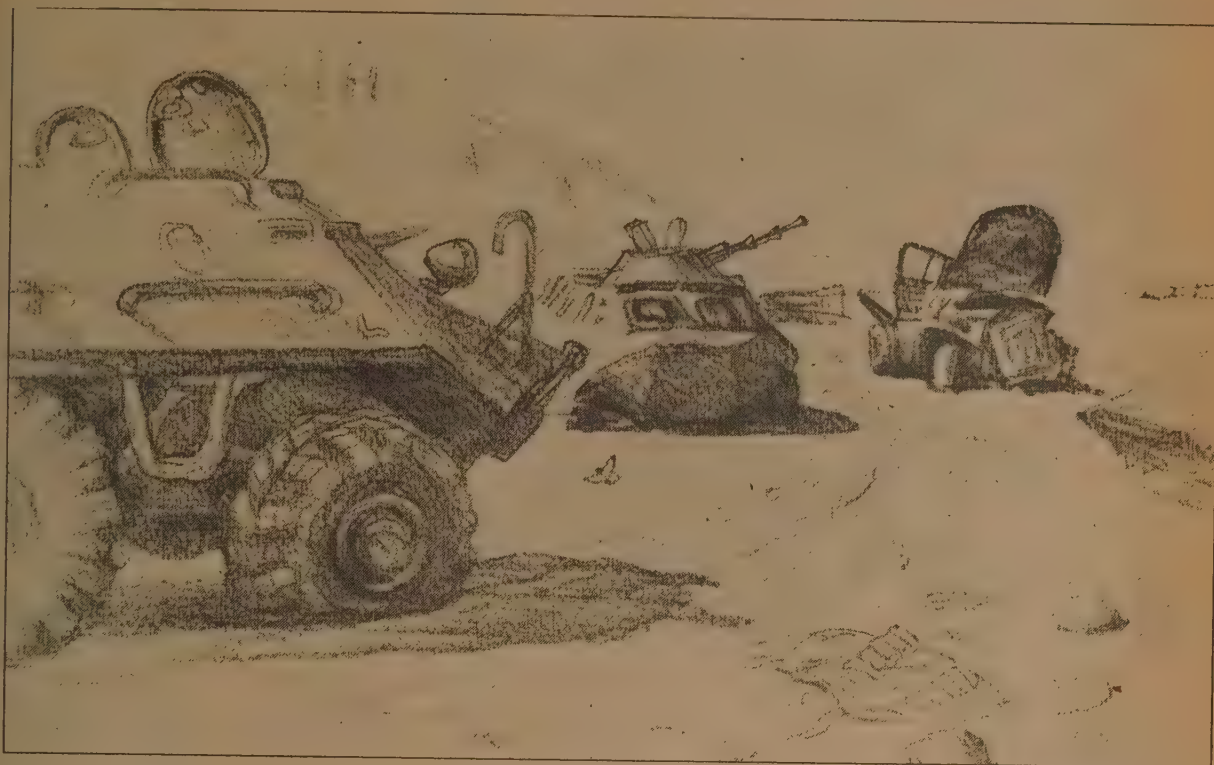
Khokhlov wrote an application to the faculty of psychology at Duke University in North Carolina. He was admitted to its post-graduate course. Two years later he won a master's and, a year after, a doctor's degree. He is proud that after nearly 30 years of his scientific career he is a "full" professor, a man known in the academic world of the United States. It irritated Khokhlov to learn that some people in Moscow are inclined to attribute his scientific successes to "the patronage of secret services."

The arrival in Moscow was not a happy return of a Russian Odysseus. Neighbours say that a state security official lives in Khokhlov's old flat. It was not easy for his former wife and son to meet him. Theirs was a rough life. It seems that the past 38 years have weaned Khokhlov from our realities. Nevertheless, he is sure that he acted correctly in 1954. He did not become an assassin.

Lev Yelin



May 15, 1992, Lubyanka Square in Moscow: visiting old addresses



Drawing by Gennady Dobrov

The KGB and the Afghan leaders

They were included on the list of "agents" and given nicknames, but they didn't know anything about it

Alexander Morozov

There is no revolution any longer in Afghanistan, nor People's Democratic Party of Afghanistan. But are all the "i's" dotted and "t's" crossed? Is everything known about the policy of the CC of the CPSU on Afghanistan or the KGB operations which pre-

ceeded the war in December 1979? Far from all. To this day it is not clear what the Afghan leader Hafizullah Amin, killed during the storm of the presidential palace in Kabul, had been. Was he a CIA agent as is asserted here? Or a KGB agent as some western experts believed him to be until the day of his death.

In 1979, when the Taraki-Amin regime reeled, when Taraki lost his life at the hands of Amin aspiring to power, the approaching fall of the Afghan revolution gave the Moscow theoreticians on the Old Square and Dzerzhinsky Square a real scare. They decided to remove and replace

him with another leader. They succeeded in doing so in December 1979 without much difficulty with a small force of special KGB groups sent by Andropov and Kryuchkov. True, with the support of a 100,000 "limited contingent" of men and officers not aware of what was really taking place.

One of the founders of the People's Democratic Party of Afghanistan, Babrak Karmal, was brought from Czechoslovakia to replace Amin. Taraki and Amin had sent him there in honorable exile in 1978 with the blessing of the Soviet ambassador, Alexander Puzanov.

The most pressure was put on Karmal by Andropov and Kryuchkov, but it was the KGB resident in Kabul, Vilior Osadchy, who worked directly with him.

Colonel Alexander Morozov. From 1975 to 1979 he was the deputy resident of Soviet foreign intelligence in Afghanistan. He described many secret instances of Soviet participation in Afghan affairs in our magazine (see NT Nos. 38-41/91).

In 1980, the Novosti Press Agency printed, on the basis of KGB sources, a huge quantity of brochures entitled "The Truth About Afghanistan". In them were statements made by Noor, a member of the politbureau of the PDPA, and Watanjar, a member of the presidium of the revolutionary council of the Democratic Republic of Afghanistan. The former called Amin an "imperialist puppet," and the latter came right out and said that "Amin was an American CIA agent" and that the new Afghan leaders knew exactly who had recruited Amin and gave him instructions." "We," claimed Watanjar, "can say exactly where and with whom of the CIA agents Amin met from 1973 to 1978. His assignment was to mess up the party. It is known for certain that Amin continued to cooperate with the American imperialists even after the April revolution..."

But where is the proof?

It's possible to assume that it was known to the former head of intelligence, Vladimir Kryuchkov who received information about Amin first hand — from Noor and Watanjar. Why then, as I found out, did Yuri Andropov give our "assault groups" the following instructions for carrying out the operation proposed by Kruchkov for storming Amin's residence: "Don't take Amin alive". After all, from the point of view of the KGB it would have been very interesting to do so (and it could have been done), question him and find out for sure if he had cooperated with the CIA and all the details about it.

In one interview the former secretary of the CC of the CPSU. Boris Ponomarev stated that "our chekists suspected Amin of cooperating with the American intelligence." Yes, suspected...

In the Kabul Soviet colony they knew that right up to November 1979 the ambassador, Puzanov, the head of the group of advisors of the CC of the CPSU, Veselov, the chief military advisor, General Gorelov, and his assistant, General Zaplatin, made a show of great respect for Amin. As far as I know, Andropov, Kruchkov, the representative of Andropov in Kabul, General Ivanov, and the head of the KGB representation for the special

services of the DPA, Colonel Bogdanov, all valued the Afghan dictator.

However, the intelligence service had reliable information that he justified all instructions that were unpopular and evoked the anger of the population (Amin didn't like to leave any tracks) by saying they had been approved by his Soviet comrades.

Maybe it was true that Amin was following the instructions of the CIA. Really, according to the logic of those times, it certainly would seem so. Wouldn't it have been advantageous to the CIA if, thanks to the efforts of Amin, and to a known degree Taraki, the PDPA and its programme of progressive transformation of Afghanistan was quickly compromised and half of the party smashed out? Wasn't it to the advantage of the CIA if anti-Sovietism spread everywhere and Soviets became the most hated enemy in this once friendly country?

Nevertheless, Amin was killed, not seized alive.

In the beginning of 1977 Hafizullah Amin, who at that time was still just a member of the Khalq CC fraction of the PDPA, began to meet with the Soviet intelligence agent, Vladimirov, a "liaison officer" of the international department of the CC of the CPSU for ties with the PDPA leadership, on orders from Taraki.

Amin gladly came to these meetings and observed all measures for secrecy. He quickly learned the secret addresses, code words and conditional signals. He willingly carried out any request of the executives, relayed information about the state of affairs in the Afghan army and about the successes of the Khalqists in recruiting young officers into the PDPA.

Since the PDPA wasn't considered the real communist party in the international department of the CC of the CPSU, the intelligence service had a free hand with the Afghan Marxists. And soon, as proposed by Vladimirov, Amin was made an agent. Kryuchkov signed the corresponding report. In the main office of the KGB a file was made for Amin and they gave the nickname "Kazem."

Vladimirov was awarded a medal, though the recruitment of Kazem was not thanks to him, but Taraki

who had told Amin to meet with his old friend Vladimirov and do anything he asked. Taraki himself, by that time, was also unknowingly included on the list of KGB agents and had the nickname "Nur" which had been given to him even before the PDPA existed. But Taraki had already then declared himself a Marxist and friend of the USSR and couldn't refuse to fulfill requests of his Soviet comrades of an intelligence nature, including when he went to work in the United States as a press attaché at the Afghan embassy.

Neither Taraki nor Amin, of course, were real agents: they hadn't taken upon themselves to unconditionally fulfill the requests and orders of the foreign service of the KGB. It's possible they didn't realize that the conspiratorial meetings with them were not so much in the interests of the CPSU as the intelligence service. But in Moscow they liked very much to tick off "concrete results" in recruitment and thus deceived themselves when they included any foreigner consenting to help the Soviet Union for whatever reason on the list of agents.

It is noteworthy that after the PDPA came to power in Afghanistan and it was no longer necessary to meet with the Afghan communists secretly, Taraki and Amin, again on orders from Kryuchkov, were taken out of the category of agents and put into that of special unofficial ties. Of course, "Nur" and "Kazem" didn't know about this. However this didn't add any information on them which would have permitted a timely understanding of who of them would soon rest on his laurels and who would become a real dictator.

As for Andropov and Kryuchkov, it seems they didn't believe that Amin was really a CIA agent. But they decided not to take him alive because they didn't want him smearing his "old Soviet comrades" in court. Nevertheless, they spread rumors among the intelligence agents that one of the phone numbers in the notepad found on him was allegedly an eight digit number marked CIA...

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"Soviet military school doesn't bring up Bundeswehr officers"

Why three generations of Russian Germans used to leave for Germany

A traffic sign on the autobahn 40 km southbound from Stuttgart indicates the turn to the small town of Empfingen. Here, in former Bundeswehr barracks, the Main Absorption Centre of the Federal Land Baden-Württemberg for resettlers from the East is situated.

We are four in the car. Chance brought together a *New Times* correspondent and representatives of three generations of Russian Germans who arrived in Germany at different time.

Frau Gabler found herself here during WWII. Alexander came here in 1978. Joseph Zimmermann got off the train in Cologne only quite recently. Frau Gabler helped Alexander and his family settle immigration formalities in FRG. Now she is going to Empfingen to do the same for Joseph...

Hundreds of thousands of immigrants from the East come to Germany. Last year about 150,000 Russian Germans flocked here from the former USSR. According to the data by the German Embassy in Moscow, 44,000 ethnic Germans have arrived in Germany since the beginning of this year. The Federal Government controls their reception and settlement. Thousands of state functionaries are employed in the numerous bureaucratic services an immigrant has to get through in order to reach the status of a German citizen, a Bundesbürger. And here you find an obscure Frau Gabler engaging in these activities on her own. Why?

In compliance with official regulations, in order to immigrate to Germany, Russian Germans have to fill an Antrag (application form) of 80 pages and answer several hundred questions. If an applicant has advanced documents proving that his ancestors were repressed, exiled or deprived of property, or that his or her relatives have already settled in Germany, the formalities are considerably simplified. However, in any event it may take more than a year. (There are already over half a million filled-in Antrags in the German Embassy in Moscow.)

After an Antrag is read and checked by an official, the personal data about the applicant is entered into a computer under a certain number, which means that the applicant is allowed to enter Germany.

Although confirming its adherence to the policy of "open gates" for all ethnic Germans

(stipulated by the Constitution), the German government shows less and less sympathy for the inexhaustible flow of immigrants from the former USSR. The integration of the five new lands left from the ruins of the former GDR into the structures of German economy has created an additional burden for the federal budget. This is why Bonn tends to use any opportunity in order to check the influx of immigrants.

Germany supports the creation of ethnic German regions in Russia and other CIS countries and is prepared to finance the building of German settlements in the south of Ukraine, the creation of German commercial structures and the opening of German schools. Many Germans leaving Russia told me that more attention is now paid in the interviews with new applicants to knowledge of the German language and to their devotion to German culture...

Joseph is an orphan. He studied English at school. Acting in the official way, he could hardly hope for a positive answer, so he just came to Germany with a guest visa and resolved never to return home. Frau Gabler asks him no questions. She simply helps the chap.

Frau Gabler

The Nazis deported Lilli Gabler together with other Volksdeutsche from occupied Ukraine to Germany. She began to work as an interpreter at one of Siemens' plants in Berlin. A year later she was sent back east to work as a nurse at a German military hospital. Late in 1944 she was again brought to Germany together with the retreating German troops.

Near Munich the train was stopped by SS-men. They didn't want to find out "who is who" among the passengers of the train and sent them all in trucks to the concentration camp in Dachau. Several days later she was sent to the gas chamber. Frau Gabler and a few dozen women, children and elderly people avoided death thanks to the SS-men's sluggishness or prayers, as Frau Gabler believes.

Lilli never dreamed of coming back home to Ukraine, even after what she had lived through in the camp. She never regretted her decision to stay later...

Lilli's father, a school master, was arrested in the mid-1930s and sent to Siberia without

a trial. Shortly before the war, the village where Lilli lived was surrounded by NKVD (later the KGB) soldiers at night. Within a few hours almost all its residents, mostly Germans, were deported. "I'm lucky to have managed to graduate from a German school in 1938," says Lilli. "Soon after there was nothing German left: neither schools, nor national regions or the national republic abolished by Stalin in August 1941."

Lilli says she felt uncomfortable in the country of Soviets: "I was unable to feel moved by songs about the country where everyone breathes freely, seeing the fear the people lived in. I used to speak what I thought. A representative of NKVD told me once that I stayed outside prison walls exclusively because of my age."

If Lilli had returned home after the war, her "having worked for Germans" would not have been forgiven. "However, neither in the Berlin nor in the Ukrainian hospital did it occur to me that I worked for the enemy. I didn't make a distinction between 'our' and 'alien' wounded and crippled," recalls Frau Gabler.

She had tried a dozen professions after the war before she eventually came to the German Red Cross, where she worked about 20 years. After retirement she is still more inclined to think about others than herself, in spite of several serious surgical operations.

She collects old glass-frames and sends them to her former fellow-countryman, a German missionary in Brazil who distributes them to the poor in the church. She sends parcels with foodstuffs to Ukraine and Russia, helps immigrants through formalities, intercedes on their behalf with German officials. She writes letters to ministers and to the President himself.

There are rumours that profiteers sell her address near the entrance to the German Embassy in Moscow. Frau Gabler never refuses to help anyone, although her time is booked up practically each weekday. This day was devoted to the trip to Empfingen.

Alexander

Alexander knows the road to this town well. It's not the first time he finds himself on it. It's not easy for him to travel as far as 40 km from Stuttgart on a weekday, but he can't decline Frau Gabler's request.

Alexander is reticent and taciturn. 14 years ago he arrived in Germany with his wife and daughter aged 5. The first years of his new life were spent on getting accustomed to new



Frau Gabler, Joseph and Alexander: three generations of Russian Germans in Germany

Photo by the author

conditions, or, as Alexander says, on "getting used to being free." He studied the profession of a dental technician and now, together with his wife, he works as an assistant to a dental specialist.

Medical professions are listed among the most prestigious and well-paid in Germany. To become a doctor requires long years of study. A still longer time is spent building up a regular clientele and on acquiring respect and authority in society. No shortage of expert medical personnel is observed in Germany, and the fact of an immigrant from Russia being accepted as an assistant by a local specialist is impressive enough.

"A person's performance and professionalism is appreciated in this country," says Alexander. "His or her political views, accent and descent are of interest only to those at the bottom of society. The higher one climbs, the easier his life is."

In Germany Alexander feels confident in himself, although there are a lot of problems — taxes go up, along with rent and the price for gasoline. A couple of years ago he and his family revisited the former Soviet Union. According to him, what he saw and heard there made him start smoking, and he hasn't been able to kick the habit to this day. Russia no longer appeals to him. He tries to perceive public rallies and demonstrations in his former motherland as something far-off and pertaining to a different world.

Joseph

Twenty five-year old Joseph also has no intention to return back to his motherland. He is ready to start everything "from zero in Germany."

Joseph is a former student of a military-political school who failed to become an of-

ficer. Two years ago, right on the day the diplomas were issued, he was expelled from school. Shortly before that he, the secretary of the battalion party cell, had been expelled from the party for "low moral and political record," although he had not a single reprimand during his years of study. "The school's command didn't like my criticism of the nepotism which flourished in the school and the rough treatment of students. Criticism is not tolerated in the army," says Joseph.

The school's Special Department showed interest in him after he published in the central newspaper of Russian Germans, *Neues Leben* a series of articles on the problems of the two-million-strong people and spoke in favour of restoration of German autonomy on the Volga. Representatives of the Special Department more than once talked to him, recommending him to drop politics.

The time of distributing assignments came. As an excellent student, Joseph was entitled to choose the place of his future service himself. He chose Kuibyshev (now Samara) which belongs to the Volga Military District. The Command saw criminal intentions in this — an ethnic German upholding restoration of the German Autonomous Republic on the Volga volunteers for service in the Volga Region! They changed the high mark for philosophy on his diploma and later refused to issue it to him at all (and this after the state exams had been passed with excellent marks!)

Joseph demanded explanations from the Commander of the school and this is what he was told: "You will leave for Germany in any case, and a Soviet military school doesn't bring up officers for the Bundeswehr."

At the solemn parade on the occasion of graduation of young officers Joseph stood wearing civilian clothes and recalled the instructor of Marxist-Leninist philosophy hav-

ing remarked at an exam that in Stalin's place he would have done the same to the Germans deported from the Volga Region in 1941... "I could hardly suppress tears standing on the parade ground," recalls Joseph. "I was asking myself: why?"

After the expulsion from the school Joseph worked for almost a year as a press secretary at the Russian-German society Revival. "I came to be convinced during that year that Russian Germans had nothing to hope for," says Joseph Zimmermann. "the government and Parliament kept silence. Nobody was going to restore our republic, but they were afraid to admit it openly, or didn't deem it necessary. No one heard us, nor wanted to hear."

"One word is sufficient to indicate the reason for my departure from the Union, it describes something which, I'm sure, forced not only me to leave," continues Joseph. "This word is lie. That same lie which surrounded me all those years. Besides, I want to be what I was born, a German, and not hear the sobriquet 'fascist' flung at my face."

Herr Straufer

...Crowds and silence in the corridors of the waiting room of the camp for newcomers. They speak only in whisper here. Herr Straufer is relentless. He can't infringe the rules, the orders of the Minister of the Interior. Under the law in force from July 1, 1990, only those Germans are recognized as legal settlers who had passed the "procedure of reception" prior to their departure from the USSR, i.e. submitted their papers to the FRG and received a positive answer or a "number." If an immigrant has no such number, he is not regarded as a resettler and is not entitled to unemployment benefits, a free course in the German language and housing facilities... Herr Straufer is sorry, but in no way can he be helpful to Joseph.

But the young man's destiny is so unusual, explains Frau Gabler, and he is only 25. And he has had to experience more during these years than some grey-haired elderly people. He became an orphan at 9, he had no relations to bring him up. He has neither a permanent place of residence nor a family and relatives. Can't there be an exception, can't Herr Straufer be more tolerant and understanding?

The official counters with a smile (the law being on his side): he can't make exceptions to all. He has had to send back a thousand people already...

However, Joseph is lucky. After lunch Herr Straufer surrendered — Joseph's documents will be considered and entered in the computer, he will be given a cot in the camp, and henceforward he will be partially taken care of by the Federal government.

Germany has received one more citizen. Russia has lost one.

Konstantin Isakov,

NT special correspondent

STUTTGART-EMPFINGEN-MOSCOW

A cross too heavy to bear

In times of old, enlightened Russian women became Decembrists, nihilists, Narodniks, Socialists, terrorists. Now, at the end of the 20th century, all they want is material well-being. Russian women's societal position is as controversial as our society's position regarding women. Russian obscene language stands out in that it befouls the sacred image of the Mother. The English and the Germans do not identify their homelands with Mother; nor do they have the equivalents for the variety of mother-abusing Russian swear expressions.

Has there ever been a precedent, anywhere, for a political party or organization in its political programme, to proclaim an anti-pornography campaign as their No. 1 priority? That was exactly what Soviet putschists did on August 19, 1991.

Our Lady without eroticism

Ironically, in the period of transition it has turned out to be possible to impose acceptance of prostitution on society, but utterly impossible to mobilize women into a political struggle for their own interests.

The commercialization of the female body is regarded as part of a transition to the market economy, seen by our society as its only salvation. A crusade against prostitution has been launched by the same political forces that call for the country's return to the pre-communist state, and that nostalgically eulogize the "asceticism" of true Communists.

Hostility towards eroticism and towards the woman as a sex symbol is not the heritage of the Communist regime alone. It is rooted deep in the religious values underlying Russian culture. In Russian Orthodoxy, for example, the cult of Our Lady as a saviour and a protector is common. The aesthetization and erotization of the cult of Our Lady, characteristic of Western medieval chivalry, was alien to Russian culture. Russian's "Our Lady" is neither the Virgin, nor a worldly beauty. There is nothing erotic about Her. She is akin to the tragic figures standing at the foot of the Cross that one can see in Western paintings.

In the Russian language, the word Russia is of feminine gender. We traditionally refer to Russia as "Mother Russia." In Russian culture at the turn of the 20th cen-

tury, Eternal Femininity was symbolized by the name Sophia. The notion of "Sophianism" expressed femininity in a more abstract way than the graphic and sensuous image of Our Lady, created by Western chivalric poetry and aesthetics, had. The tragic history of Russia, its people's — and its men's — want of freedom, invested the woman with the symbolic mission of salvation. The Decembrists' wives became archetypes of female self-sacrifice.

Russian classical literature, which was actually a "parallel religion," sanctified the sacrificial woman to such an extent that intimacy with her was unimaginable. Despite the latter-day orgy of pornography in the book market, the Western brand of sexual revolution, emphasizing the idea of female sensuality and flesh, remains profoundly alien to Russian culture and to Russian women. Neither frank readiness for prostitution, nor beauty contests, nor abundant sex literature have changed anything.

The image of the woman-saviour as epitomized by the Decembrists' wives, lived on in the Russian revolutionary movement. In the latter, however, it underwent a substantial transformation: the courage of the Decembrists' wives consisted in adherence to their lofty moral principles; the courage of the Narodnaya Volya women revolutionaries in their readiness to commit regicide, and other acts of terrorism, to die in the gallows, and to endure the ordeal of imprisonment. These are two different notions of the woman's mission. The former one emphasized self-sacrifice, and the latter, violence as a means of achieving an utopian ideal of justice. The former one is the primary source of the dissident movement, keyed by non-violence and human rights activism, and the latter — of the 1917 revolution, and the totalitarian regime which stemmed from the ideas of revolutionary violence.

With the exception of Pushkin's poetry, perhaps, Russian classical literature of the 19th century was hostile to woman as a symbol of eroticism. Physical beauty was opposed in Russian novels by moral perfection, as a rule. Beauties were almost depicted by Russian writers as morally or mentally deficient (Nastasya Filippovna in Dostoyevsky's "The Idiot," Helene Bezouhof in Tolstoi's "War and Peace").

There was only one step from deification to condemnation. The image of a prostitute

**The Worker and
the Collective
Farm Woman
have climbed
down from
their pedestal.**

**The Worker now
spends his
days drinking.
The Collective
Farm Woman
spends
her nights
in Intourist
hotel rooms**



Drawing by Marat Tairov

gave Russian culture a chance to combine these two attitudes towards the Woman. Dostoyevsky and Tolstoi poeticized the saviour prostitute and presented her as the female equivalent of Christ. She is crucified on the man's body. It is not for nothing that the Russians often call family life "a cross." A married woman is said to be "bearing her cross."

The buffoon of a man

In Russia, people suffer from food shortages, inadequate housing and social instability. The family is in deathly agony. Political parties are still in their formative stage. There is no feminist movement. As a matter of fact, there has never been one. Is there sex, at least?

Unfortunately, what has applied to printed lies of the recent past applies

to the free printed word as well: what exists on paper does not necessarily exist in real life. More likely than not, the abundance of sex on the printed page and on the cinema screen is a sad symptom of there not being much fun in real life. At any rate, the relationships between the sexes are in a grave crisis here; neither sex really understands what social role it has to play, and what it is to expect, and demand, of the other.

Russian women's biggest problem is that men of integrity are now few and far between. Instead of women's equality with man we have a situation where the two sexes have hit the same rock bottom of economic poverty and lack of political rights. The economically degraded man has, nevertheless, to conform to his traditional role as the head of the family and his wife's master. Man's failure

to meet this challenge by Woman-kind and society takes on various forms: bachelorhood, buffoonery, homosexuality.

The post-war generation of Russian women were doomed to loneliness because the war had physically destroyed so many men; today, young women suffer from a still worse kind of loneliness which lacks tragic overtones and isn't even manifest: there are men alongside, but these men are ghostly, almost fictitious. They are like plaster casts, as a rule, semiotic symbols rather than real human beings and friends in need, capable of sharing with women all the hardships and trials without any allowances made. In today's Russia, men are in greater need of salvation than ever because they cannot cope with life, with freedom, and are not up to normal relationships with women.

This causes a paradoxical situation which erupts into conflict. For all their adherence to traditionalism, Russian women clearly consider their "cross" to be too heavy to bear and make no effort to salvage their husbands and lovers. Attempts at modernizing and Westernizing society have triggered hedonistic tendencies previously not characteristic of our society. This has come as a bad shock to the conservative camp. The "village" writers, the champions of traditional female virtues, fulminate against beauty contests, rock music, blue jeans, pornography, matrimonial ads, and prostitution.

This is a natural reaction by those who feel that the ground is slipping from under their feet. Under the impact of modernization, an enormous civilization, with its mythology, cultural symbols, its tragical and lighter sides, will recede into the historical past sooner or later. The advocates of this civilization identify its grave-digger — modernized Western society — with a hard-currency prostitute. Stigmatizing prostitution is an easy and surefire business. In Western society, social evils, including prostitution, have their more vehement critics not so much among the diehards, as among the Left, which is another paradox of the Russian political scene.

Passions are running high over the "sex revolution" in Russia. The situation is further complicated by the fact that for all its flagrant gaudiness, the erotic boom made some sense at first. It amounted to emancipation from the desexualized life under communism, the nation's awakening to its carnal self. Whether we like it or not, that marked the beginning of an end to the totalitarian concept of the individual.

By overemphasizing the hard-currency prostitution problem, the mass media has obviously set totalitarian communist morality in defiance.

A poll conducted among Moscow schoolgirls has revealed that they regard prostitution as the most prestigious profession; presumably this is not merely an expression of their desire to get rich by streetwalking. Many other circumstances have determined their choice. A prostitute is a pioneer of the free-market economy, a lone wolf of private enterprise, a courageous taboo-smasher. A master of her own body, she uses it as a means of entering into contact with a "bold new world," which universal salvation is to come

from — such, at any rate, is a current cliché of the latest Russian political mythology. This salvation is personified as a foreign man, a new totem coming to fill part of the vacuum left by the toppled idols of the Communist pantheon.

In the epoch of early bourgeois revolutions, painters — Dutch Old Masters, for instance — often depicted the symbolic "Union of Earth and Water" as an allegory of economic prosperity; the epoch of transition to the free market may be symbolized graphically by a dollar-tourist hotel Russian prostitute's intimate contact with a foreigner. This may infuriate some people, but nothing doing: these "foreigner-catering girls" are home-grown, not imported.

From "Mother Russia" to "Miss Russia"

What, then, is the Russian male's role and place in our society? What are his chances of success in the unequal rivalry for the Woman on a free market? What does the Russian woman think of her male compatriot?

Let's face it: his worth on the home market is no higher than that of the ruble against the dollar. Whether this is fair or not is another matter. Whether this situation will last for long, no one can tell. Anyway, such is the situation as of now.

This is not conducive to harmony and bliss for the two halves of humankind, of course. The social conflict between men and women in Russia is gaining ground and assuming bizarre forms. A straightforward reaction by the conservative camp is complemented by a symmetrical reaction from the other side of the cultural and political spectrum. Progressive Russian literature which calls for the modernization and Westernization of the country tends to debunk the idealized image of the Russian woman, including that of the prostitute saviour. Another cliché — "a traitress" — is now being persistently projected on the Woman.

At least three prominent Russian authors — Alexander Solzhenitsyn, Vassily Aksyonov and Andrey Sinyavsky — wrote, independently of one another, approximately the same thing. Solzhenitsyn wrote about the betrayal of the Motherland. In his essay "Walks with Pushkin" Sinyavsky used the expression "bitch

Russia" which scandalized his colleagues here. And finally, a character of Aksyonov's *Crimea Island*, is a modern Russian woman who betrays her lover and agrees to inform against him to the KGB. Her first name is Tatyana (like the *Eugene Onegin* heroine), and the author gives her the surname of one of the Decembrists who had been banished to Siberia — Lunin.

Aksyonov's Tatyana Lunina is antipodal to the ideal of the 19th-century Russian classics. What's more, it kind of says goodbye to this ideal. Significantly, Lunina betrays her husband and her lover as part of her scheme to defect to the West, but loses her life in the end. An American girl becomes a guardian angel of the Russian hero betrayed by Tatyana Lunina; the hero procreates outside Russia — his grandson is also born by a foreign woman fanatically devoted to his son. Male writers reproach the contemporary Russian woman for having betrayed her ideal "self" and having toppled it from the pedestal of her own accord. In today's Russia, the woman is no longer an embodiment of the spiritual and moral ideal. She has been demoted from "Mother Russia" to "Miss Russia."

If the Russian woman had anything to lose in the Communist past, she would certainly have fought for that. As a matter of fact, she feels no nostalgia for the past and its "values," which include men: soldiers, bureaucrats, workers, dissidents, prisoners, alcoholics. In these and other capacities, men have proved unfit for the home and the family, for a normal coexistence with women in society. Men and women have never merged into a harmonious whole in Russia, either by means of the traditional idealization of the woman in pre-revolutionary culture, or within the framework of Communist ideology. As a result of the great experiment, the Worker and the Collective Farm Woman have climbed down from their pedestal — and from the cinema screen; hammered and sickled one another good and proper, and divorced. Now the Worker spends his days drinking, and the Collective Farm Woman spends her nights in Intourist hotel rooms, and each puts all the blame on the other.

Larisa Lisyutkina

SUMMER BERINGIA-92

the world's first sailing and rowing regatta of Chukchee boats along the route from Ualen via the island of Ratmanov (Russian Federation) to the Diomed Islands (the USA).

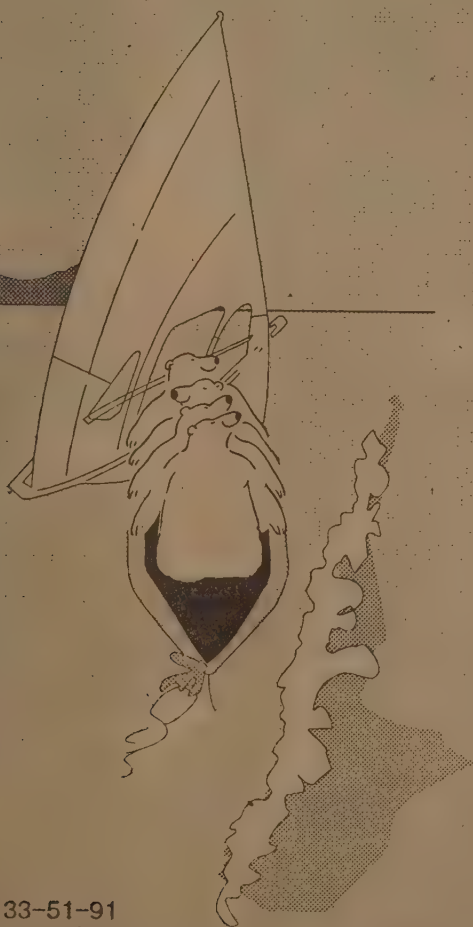
Sportsmen from Anadyr and Alaska will take part in this breath-taking competition in the Bering Strait.

The regatta starts late in July 1992.

The main sponsor and organizer of the event is the government and the administration of the Chukchee Autonomous Region.

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The organizing committee of the race Beringia-92 invites enterprises, firms and individuals to take part in the financing of the renaissance of national sports and transportation facilities of northern peoples of the Russian Federation,

and gives them an opportunity to offer their own prizes. Those who would like to shoot an original film about the Beringia-92 in order to sell it subsequently have a unique chance.

The organizing committee of the race will also reserve two places for representatives of the Ostankino TV company, two places for the central press and four places for representatives of the local northeastern press.

One accreditation will cost 7,000 rubles. Places on board the escorting ship will be provided for accredited journalists and sponsors.

Telephone: 133-51-91
(in the evening and morning time
and on Saturdays and Sundays).

The organizing committee of the Beringia-92



The Russian President has a new press service head. **Vyacheslav Kostikov** has replaced Pavel Voschchanov who retired a few months ago.

The 52-year-old press secretary has a reputation of a journalist with a swift tongue who needn't cudgel his brains in verbal battles, and not necessarily only in Russian, for he also has a good command of English and French.

Having graduated from the faculty of journalism of Moscow State University, he perfected his art at Sheffield University in England. Later the would-be press secretary gained experience at the Information Department of the UNESCO Secretariat in Paris where he spent 12 years.

Kostikov has vast experience in journalism. He has published several books and many articles in *Ogonyok*, *Izvestiya* and other domestic periodicals. Recently he has regularly contributed to one of the leading and most authoritative Indian newspapers, the *Times of India*. Kostikov worked for many years at the Novosty Press Agency.

To conclude the portrait of the President's new press secretary, it's worthwhile to mention that he also has considerable experience in management work with the mass media, which no doubt will come to the fore in his new capacity. So there is every reason to believe that the President has made the right choice.

Chairman of the Communist Party of Argentina, **Athos Fava**, was considered one of the Soviet Union's most true friends in the years of "confrontation between

socialism and imperialism." He was born into a worker's family and joined the CPA at the age of 20. As a "die-hard Leninist," Fava, unlike his communist comrades-in-arms from other countries, always followed the Moscow line, never affording rightist or leftist deviations. The Communist Party of Argentina headed by Fava was one of the loudest critics of Gorbachev's reforms. The CPA kept dead-silent about the August events and now sincerely bemoans "the victory of capitalism over socialism" in the former USSR.

As recently unclassified documents demonstrate, Argentinian Communists used to receive financial subsidies from the CPSU Central Committee up to the year 1991. But, as it becomes clear now, apart from "financial injections," the CPSU CC also satisfied some other, criminal, requests of the CPA Chairman.

The newspaper *Izvestiya* has published a letter of the Chief of the



CPSU CC International Department Falin to the CPSU CC Secretariat which reads: "Comrade Fava has addressed to the CPSU CC his request concerning cooperation in the manufacturing of Argentinian passports, identity cards and containers for their delivery and storage." Athos Fava substantiated his request by stating, "the necessity to carry out underground work in the conditions of intensified activity by secret services, as well as to render assistance to the Paraguayan Communist Party acting illegally."

The document is signed September 1989. By that time Argentina had been living under a democratic government, and the CPA, alongside other political parties, enjoyed the right to function on an entirely legal basis. The CC Secretariat passed the resolution to satisfy the request. The KGB and the Defence Ministry were entrusted with the manufacturing of the fake documents.

While attempts were made in Baku and Moscow to find out whether the Victor Barannikov-headed Security Ministry and Yevgeny Primakov's Foreign Intelligence Service were involved in the disappearance of Azerbaijani ex-President **Ayaz Mutalibov**, he is said to have settled in Moscow's main hospital for "big bosses," formerly called the Central Clinic Hospital of the Fourth Main Directorate of the USSR Ministry of Health.

The 54-year-old ex-President was accommodated in the

OLBI prefers a big game

The chairman of the joint-stock concern OLBI **Alexei Frolov** hardly resembles a card-player. But the game he has started can't avoid attracting both foreigners and Russians alike. This game won't pass unnoticed by large enterprises with big profits.

Alexei is young, he is 32. He belongs to the new wave of intellectual businessmen: he graduated from the Physics Faculty of Moscow State University and then took a post-graduate course. After 7 years of work at the Institute of Earth Physics, he engaged in business in 1989.

Whereas the government is only going to make the ruble convertible, Frolov's concern has already accomplished this task, having opened a network of hard currency shops in Moscow which are practically identical to European ones. The range and quality of commodities and services (delivery to one's home, placing orders by catalogues, a year's warrant on the purchased equipment) completely match the world standards. Unlike many other shops, the OLBI shops are directly connected with large foreign suppliers, such as Sharp and Panasonic. It's not for nothing that the UPDK — the Foreign Ministry department which caters to all Moscow embassies — is their partner. The diplomatic corps buying from the network of OLBI-DIPLOMAT shops enjoys a 10 to 15 per cent discount.

Whereas formerly only diplomats and other people who had foreign currency could make purchases in the shops of the concern, now any Russian citizen, regardless of whether he or she has foreign currency or not, can utilize its services. Any individual or an organization can remit their rubles to the OLBI bank. The rubles will be converted at the current commercial rate and a card will be issued which will enable him to buy whatever he desires. Part of one's salary may be converted into cards, relieving people of taxes and of the necessity to wait for cash from the bank.

Frolov's concern is going to expand its activities. There are six OLBI shops in Moscow, but this summer three more will open. In addition to that, before long the concern will start work on the capital's largest supermarket.





therapeutic department. According to eye-witnesses, there are bodyguards on the day-and-night duty there and numerous visitors with baskets add to the hospital menu.

Ayaz Mutaibov became the leader of Azerbaijan in January 1990 when Soviet troops invaded Baku, according to one version, in order to enforce order in the city swept with anti-Armenian pogroms, and according to another, in order to crush the Azerbaijani Popular Front. A former director of a refrigerator-manufacturing plant, Mutaibov seemed to Moscow a person capable of restoring order in the republic.

The First Secretary of the Azerbaijani Communist Party Central Committee and a member of the CPSU CC, soon made himself the President and, after the August events last year, gave up his Party offices. However, he didn't enjoy wide popular support in the republic.

He had to resign after the defeat of Azerbaijani troops in Nagorny Karabakh, but he tried to use the next defeat in order to return back to power. His adherents turned out to be too few, and he was overthrown by the Popular Front which eventually became the ruling party in the republic.

Mutaibov mysteriously disappeared from Baku, evidently, in the same way as another Politburo member, First Secretary of Latvia's Communist Party Central Committee Mikolas Burokevicius. He and his colleagues were evacuated from Vilnius last year.

An expert in international relations with special knowledge of Central Asia and Transcaucasia, historian and political scientist, and now President of the International Foun-

dation of Russo-Hellenic Spiritual Unity established last year, **Georgy Trapeznikov**, has told recently that he has been engaged in a bitter struggle with the Adviser to the Russian Federation President's Office, Sergei Stankevich, for several months already. The struggle is for the possession of the building of the former Institute of Marxism-Leninism, several floors of which are occupied by the Foundation and which Sergei Stankevich obviously intends to lay his hand on.

The Foundation rented this building for 25 years on Boris Yeltsin's personal order. Patriarch of Moscow and All Russia Alexii II himself (who is also the Head of the Guardian Board of the Foundation) interceded with the President. However, three weeks later Yeltsin signed a new order which actually cancelled the previous one. Trapeznikov believes this occurred on Stankevich's advice.

The matter is that the building now occupied by the Foundation is located next to a unique library, which has remained from its



former owners, and certain items of which are, in Trapeznikov's words, an object of Sergei Stankevich's personal interest. The state commission, created on Yeltsin's second order started a revision of the library funds. But before long the commission engaged in a meticulous inspection of the financial activities of the Independent Institute for Social and Ethnic Problems, established by the Foundation and located in the same building, and later of the Foundation itself. Particularly active, says Trapeznikov, was a certain

Ryabenko who turned out to be one of the personnel of Stankevich's office.

The commission found nothing wrong in the Foundation's financial activity, but a public prosecutor and tax inspector became Trapeznikov's frequent guests. He was forced to visit the Moscow Procurator's Office to demand explanations.

The case was eventually filed with the Court of Arbitration which decided to reject the claim. Georgy Trapeznikov is sure that pressure will continue. In spite of constantly being engaged in struggle, the International Foundation of Russo-Hellenic Spiritual Unity has managed to do much during the year of its existence. Its members have participated in the Congress of Compatriots, in the Congress of Slavonic Cultures, allocated 300,000 rubles for the building of a monument to Cyril and Methodios, and helped the children of Nagorny Karabakh.

In the near future, the foundation intends to open a Sunday school in Moscow where children will learn the Greek, Latin and Old Slavonic languages.

The author of "psychotherapeutic hymns"

A person who doesn't know what will happen to him tomorrow, who has lost confidence in himself and in his abilities, can once again feel the beauty of each day he lives. In this he will be assisted by a doctor of science (pedagogy), professor of the chair of musical psychology and pedagogy of the Moscow Ippolitov-Ivanov Musical High School and a regular *NT* contributor **Valentin Petrushin**.

Petrushin has developed a method of preventing and curing neuroses which is called "aesthetic valiology." Music, art and moral precepts form the basis of this method. Doctor Petrushin's patients sing enthusiastically, together with him, special "psycho-therapeutic hymns," thus shunning fatigue, frustration and fear of the unknown. After one session they are again able to rejoice merely because it is spring which they might simply have ignored earlier, and to be happy just to live on this planet.

Valentin Petrushin is a professional musician. He graduated from the Moscow Conservatory, worked with the Mosconcert Association and taught music at a secondary school. His interests did not change, and he pays special attention to schoolchildren and to their musical education. The tide of nervous break-downs and suicides is growing among schoolchildren, and it's precisely teachers of music who must relieve their pupils' stresses.

Afghan veterans were among Petrushin's patients; he worked at psychiatric clinics and in the Moscow club of psychiatric support, named *Svecha* (Candle) where he helped people who intended to commit suicide.

...Music flows calmly, velvety rose petals fill the screen; the patients hold each other's hands and look into each other's eyes. They cry and laugh, sing and meditate — the barrier of complexes is no more.



Ghosts

Alexander Kuzovkin,
Nikolai Nepomnyashchy

“Women in white” and “men in black” have been haunting mankind for centuries. Who hasn’t ever been frightened by doors creaking, curtains moving, or shadows dancing on the walls of a candle-lit room? Legends, sagas and fairy tales of various nations are peopled with bizarre creatures — fairies, elves, trolls. Are they just imaginary?

A strange old lady

Here is a quotation from the book *In the Sphere of the Unknown* by W.Bitner, the well-known journalist and investigator of mysterious happenings:

“In view of the possibility of hallucinations, both individual and group, we agreed to consider an object really existing only if its presence is confirmed by physical means apart from the feelings. If, for example, we see — in our room or elsewhere — the figure of a person who is known to be away or dead, then even if the same apparition is observed by dozens of different people we cannot believe in its reality unless we have irrefutable evidence that our feelings do not deceive us... A photograph, some impressions on clay, a piece of sooty glass or paper, a wax shape, a length of tape with a voice recorded on it, any real sign may serve as such evidence...”

Not so long ago — at the turn of the present century — anyone who said he believed in spirits was looked upon as crazy. Today it is different, Bitner remarks.

In its January 1961 issue the American magazine, *Fate*, had a description of an amazing incident which had occurred in the summer of 1936. Carmek Choney, 17, and her aunt Frankie ran out of their home into the street of a small Californian town to help an old lady who was slowly dragging her feet. As they approached her, the lady began to move away at a speed surprisingly high for her age. The women were amazed by the old lady’s large shining eyes, by

They appear
at the scenes
of murder until
the blood
is washed
away

her chalk-white skin pulled tight over her skull. Strands of white hair were loosely hanging from under her large black hat. The lady wore a long-sleeved and high-collared dress and button-up old-fashioned boots.

The strange old woman drew a crowd of about thirty. She stopped, looked back over her shoulders — and then vanished into the thin air in an instant!

Let us now shift our gaze from America to Russia.

“Near the village of Zaboloty’e,” a letter from the Smolensk region, by someone who doesn’t want his name disclosed, goes, “there is a place popularly known as Amshara. It is a track of woodland about a kilometre wide and some five kilometres long. The place, lost in a thicket, is in bad repute with the local people. Early last January Victor Kurolesov, a friend of mine, and myself rode past it in a DT-75 crawler tractor.

“The time was 2 a.m., we had the head and rear lights on, and the moon was shining brightly, so it was light enough.

“We rode through a cutting in the Amshara forest, rolled over the narrow-gauge railway, and then we suddenly heard a voice which came in loud and clear, although the noise of the tractor engine was deafening. ‘Give me a lift, boys,’ the voice boomed (to my friend, it sounded like ‘Help me, boys’). We saw an old woman some twenty metres or so away. Although it was a bit-



Drawing by Marat Turov

Alexander Kuzovkin is an optical physicist and the head of the seminar, Ecology of the Unknown, organized by the magazine *Vokrug Sveta* (Around the World).

Nikolai Nepomnyashchy is the Managing Secretary of the magazine *Vokrug Sveta* and the author of a number of books on the history of Africa and cryptozoology.

terly cold night (-30°C), the woman wore what looked like a light white dress which flared down from her shoulders all the way to the snow, concealing her feet. She had no hat on, and we saw not a trace of hair.

"She came — or rather glided over the snow — up to the tractor and gripped the door handle. At that moment, our head and rear lights suddenly went out, although the engine kept running. The old woman opened the door a crack and tried to peep into the cab. We saw her face at close range: a long hooked nose, dark skin, unblinking green luminous eyes. We were struck dumb with horror. I tugged the door in, hard, trying to slam it shut, but some mysterious force kept it open. Then Victor picked up a crowbar and, using it as a lever, we slowly pulled the door in and locked it.

"The old woman continued to move alongside and kept pulling at the door. We were just a few centimetres apart. We carried on for a kilometre or so like that. Then we looked away from the woman for an instant as we negotiated a turn, and that was the last we saw of her. She had vanished. The lights came back on. We reached the village safely but couldn't sleep a wink that night."

"The black mark"

V.Nokhanov of Vasilyevka village, the Dnepropetrovsk Region, reports the following incident:

"A phenomenon which I cannot explain has become my lifelong memory. It the summer of 1944, when my mother and I lived in a village, heavy rain fell one day. Followed by my brother, I ran out, and we frolicked in the rain. Suddenly I felt that someone was looking at us from above. I looked up and froze in my tracks: a tall woman in grey, her hair flowing, was looking at me through a door open in the overcast sky. My kid brother hid behind my back and burst into tears. I can't say for how long we looked at one another. Then the door was closed, and the apparition disappeared. We ran back to the house and told our grandmother what we had seen. She made the sign of the cross over us, dropped to her knees and began to pray. Then she told us that we had seen God. The incident became the talk of the village, and many recalled having seen the woman."

Sergei Kuzionov, Cand. Sc. (Tech.), of Petersburg, a student of anomalous phenomena, photographed what is known as a ghost in February 1988.

In the town of Vsevolozhsk, near

Leningrad, a family was watching television one night. A loud clap came from outside all of a sudden, followed by the sound of broken window glass clattering down. There were no tracks on the snow. A round hole gaped in the outer window pane. The inner pane remained whole, with tiny fragments of the outer one embedded in it.

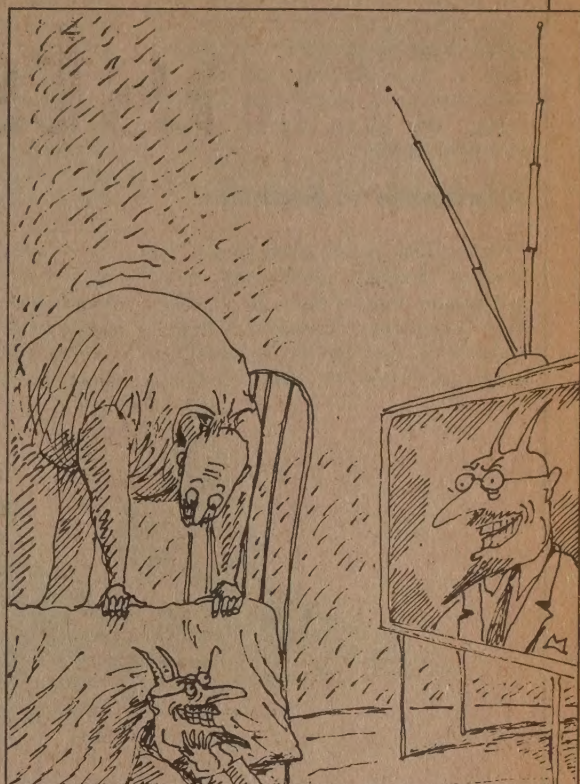
Kuzionov arrived in the town two days later. He took a few pictures of the broken window. One of the prints showed what had not appeared in the camera's viewfinder: the face of a woman, a total stranger, peeping into the room from the porch. Some of the close-ups of the outer window pane revealed the so-called "black marks," small round spots often found in places whereby poltergeists or some unknown matter manifest themselves.

Such photographs are not rare. They come from all corners of the country. The photographers enclose negatives, too, lest they should be suspected of tricks. Falsifications do occur, however, but we are inclined to regard many of the photos we receive as authentic.

Creatures, devas and griffins

What do scientists have to comment on all this? In his book, *UFO: a Hidden Reality*, the Italian scientist, Luciano Boccone, offers the most convincing explanation of what is behind those photographs. Boccone and his colleagues came to an amazing conclusion: the objects popularly known as UFOs exist in the invisible part of our physical world and appear in the classical shapes of "saucers" or as various forms of radiant energy, plasma fields and other structures which do not lend themselves to classification as yet. Dr George Constable, a colleague of Boccone's, has designated them by the general term of "creatures."

Boccone's group photographed invisible structures in the air and on the ground. Referred to as "lustres," "devas," "elemental spirits" and "ethereal beings," they live outside the boundaries of our physical



Drawing by Victor Bogorad

nature and manifest themselves in the most unlikely places now and then.

This is how Lidbiter, a researcher, described these phenomena in his book *The Mental Plane*, published in Riga in 1937.

"We consider angels, whom the Hindus call 'devas,' and others call 'God's sons,' as the supreme evolutive system keeping in touch with the Earth. This is a kingdom much more advanced than man's... If evolution towards the human kingdom is the only course open to animals, the human being, upon attaining an adept level, has more courses to choose from, including that of 'deva' evolution.

"It is impossible to describe 'devas' from the angle of human physiology: their external appearance changes with their every thought. They can take on human shape, too."

Their attention, Lidbiter writes, can be attracted by magic invocations, but it is only the will of the supreme adepts that can influence their wishes. They hardly notice our physical presence but it happens that one of them, seeing one of us in a predicament, helps out. However, their mediation can do man more harm than good, and they know it...

The objects appearing on photographic

film do not belong to our three-dimensional reality typical of the frequency band of our visible spectrum. Boccone describes them as "biophysical manifestations, life form alien to us, quasi-human luminous beings, dark, dense, rarefied invisible amorphous masses..."

A brownie in Sakhalin

Now it is time to talk about ghosts. The Yevgeny Dubitsky phenomenon caused nation-wide repercussions in its time. With his amazing extrasensorial abilities, Dubitsky can turn into the very ghost that people see in their flats sometimes. He is

descriptions always coincided with what I had seen myself. Curiously, the ghost never scared anyone but just cast a spell on my guests.

"I observed apparitions 10 or 12 times but only when I was alone in the room. The ghosts appeared at one and the same time, between 4 and 5 a.m. It was a bulky blurred shape about two metres tall, clad in a cowl, with tufts of what looked like fog dangling from its head. The figure seemed to be illuminated from the inside. It appeared in one and the same place, a metre or two from the door.

"One night I tried to catch the brownie. I cast the blanket aside and made a dash

dry because there is nothing Ally can do to you or you can do to him — we are separated by an abyss..."

"Why did he haunt you?"

"Ally is drawn by emotions, by animal fear. This fear releases the kind of energy which suits Ally best..."

"Fear control" was a trick of the "seers" of old. They learned to control fear. They invoked Ally by their own fear and kept him in slavery by dispensing it gradually, like food. The "seers" remain a formidable force until now. They dominate all and sundry.

There is another explanation for the ghost phenomenon, a holographic one, offered by M.Valchikhina, a biochemist, and S.Gurevich, a psychiatrist, both of Petersburg.

While touring Estonia, they happened upon a medieval castle in ruins. An elderly lady custodian guided them through its cool, mysterious halls. Someone asked whether the place was haunted. The warden cheerfully replied that she had seen one ghost twice in the picture gallery.

No one believed her, of course, so she challenged a group of travellers to spend a night in the gallery. In candlelight, its interior looked eerie; a door creaked open, and suddenly a white amorphous shape separated itself from a portrait and began to glide slowly towards the visitors. The excitement-seekers ran for their lives...

As they studied the ghost phenomenon, the Petersburg researchers brought out three regularities. First, our contemporaries' stories are clearly inspired by Lermontov's and Gogol's stories (*A Card Game* and *A Portrait*). Second, ghosts favour castles, galleries, and spaces in front of old canvases. And third, they are very fond of candles, torches and live coals.

M.Valchikhina reasons as follows. The human organism picks up electromagnetic waves. The frequency of oscillations of the charged cellular membranes of all the internal organs — kidneys, the heart, the lungs — is 10^{11} Hz. These organs emit light in the ultraviolet section of the spectrum, and their oscillations may create holographic images. Holograms may emerge not only on photographic plates, but also on material sensitive to temperature: fast-drying oil paints, impregnating compounds, blood even. It is on record that ghosts appeared at the scenes of murder until the blood was washed away.

When the organism is in a special emotional state — in the process of painting, for example — paints absorb its emotions; and if someone, excited by ghost stories, stops by the painting, even a hundred years later, he "picks up" its electromagnetic waves...



Drawing by Alexander Zudin

capable of long-distance telepathy using the energy information field which surrounds every human being and every object in general. All the fields add up to one common energy-information field. Some people can glean information from this field which is an ocean of information. Upon pronouncing the verbal formula of involving Dubitsky's double, one makes a contact with this field and begins to communicate with a phantom...

The members of the Energy-Information Exchange in Nature Committee have long ceased putting these phenomena in the class of hallucinations.

Here is the testimony of V.Fyodorov of Aniv, Sakhalin:

"I observed this strange phenomenon in my room in the period of 1980–86. At first, I believed it to be a hallucination caused by overwork or alcohol. I had many women guests who often stayed overnight. Some of them, but not all, started telling me that my place was haunted by a ghost or a brownie. Their

for the door. I didn't understand what happened next, all I saw and heard was the door being banged against the jamb, although the door had been closed shut all along. That was the last I saw of the ghost".

Ally likes fear

We in Russia are just beginning to study or, at least, to try and explain the ghost phenomenon. In the West, it has been studied long and earnestly. Books by the ethnographer Carlos Castaneda are well known in Europe and the US. In one of them he reproduced a conversation he had had with Don Juan, the chief of a Mexican Indian tribe, Yaqui, one of the so-called "seers."

"What would have happened if Ally had caught you?"

"I could have died of fear. If Ally catches you, you either have a heart attack and die, or start fighting him. Then, after a peak of fury, Ally's energy runs

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